

## **Theme 5. Institutions, Innovation Systems, and Economic Development**

Poor dissemination of newly generated as well as exiting knowledge, technologies, and innovations is a major constraint to development in Ethiopia. This is basically attributed to inefficiencies in linking research results to socio-economic outcomes. In addition, poor human capacity development and absence of required critical number of skilled innovators and capacity development for technology and knowledge generation and dissemination are another bottleneck for socio-economic development.

### **Sub-theme 5.1. Economic Development, Policy, and Institutional Analysis**

#### **Rationale**

Well-functioning socio-economic systems, business environment, institutions and policy frames play critical roles in human development. In the process of development, institutions are expected to play by 'the rules of the game' and policies provide guidelines of operation under the varying nature of the socio-economic systems, businesses, and the behaviour of decision making units. However, the overall success remains to be a matter of synergy. In developing countries like Ethiopia, ineffective socio-economic systems and ill-suited development policies, coupled with the failure of market and the failure of institutions to follow 'the rules of the game' result in problems including challenges of inequity, persistent poverty, food insecurity, and the gradual declining of the environment to bear and serve the ever increasing needs of humankind. However, integrated and multidisciplinary research approaches addressing the interface among socio-economic systems, businesses environment, institutional roles, and policy guides are usually inadequate.

#### **Aim**

This sub-theme aims at investigating how the socio-economic systems, policies, and market influence the functioning of various institutions in the existing socio-economic and business environment.

## **Description**

The sub-theme addresses various issues including analysis of the effectiveness of socio-economic systems, operations of the business environment, roles of institutions in development, the mechanics of development policies, and livelihood conditions as well as food security and poverty reduction strategies. The sub-theme also encompasses the multidirectional influences of the functions of institutions on poverty and food insecurity, human development, environment, market, overall economy, and ecology. This also deals with how to profile, shape and enhance the roles of institutions in allocating and channelling resources (natural, financial, human, physical and social capital) into productive investment activities in an optimal, cost effective and sustainable manner. This sub-theme also focuses on institutions as central functional units of research-based operation and innovation in the efforts of prioritizing and allocating resources for research.

## **Potential Collaborators**

Ministry of Finance and Economic Development, regional, zonal and district bureaus of agriculture, finance and economic development, research institutes, cooperatives, micro-and-small scale promotion agencies, and NGOs

## **Expected Output**

- Increased optimal resource utilisation and production systems
- Enhanced quality goods, services, and technologies
- Fostered innovative and effective institutional governance that help to excel in efficiency, effectiveness and quality
- Enhanced sustainable development at local, regional, and national levels
- Integrated science into practical environments for sound outcomes including optimal chain development and governance

- Self-regulated markets and marketing systems with innovative and entrepreneurial skills and knowledge
- Applied optimal mix of enterprises and management practices, chains and market linkages
- Increased transfer of technologies and knowledge as an input for sound policy formulation
- Generated strategic information on poverty status, food insecurity, livelihood strategies, and policy options

## **Research Areas**

### **5.1.1. Institutions and business environment**

This research area addresses all the nature, norms, roles and evolution of institutions in the economy, including firms, states, markets, banks, households and other vital institutions and organisations. Institutions including formal/informal, economic/business, private/public as well as the norms, rules and regulations that govern the functions and systems of these institutions will be addressed in this research area. The research area is also concerned with establishment of business institutions, internal and external business environments, corporate successes, change management, and human resource management issues.

### **5.1.2. Market, value chain management, and enterprise development**

This research area deals with analysis of market and marketing, demand and supply conditions, entrepreneurships, value chain analysis, logistics, product safety assurance, quality control, and joint innovations for sustainability. All types of market including labour, input, product, financial, and capital are also addressed.

### **5.1.3. Behaviour of decision making units**

This research area encompasses analysis of decision making behaviour of economic units including households (consumer, producer, firm), and industries about saving, consumption, production, investment, risk preference and management, and related behaviour. Performance

assessment including profitability, efficiency, and productivity issues are also addressed under the research area.

#### **5.1.4. Poverty, livelihood, and food and nutritional security**

This research area focuses on food and nutritional security in relation to poverty within the growing population, contribution of aid and social security programmes to the livelihoods of the population, livelihood diversification strategies, household income, unemployment, the roles of social networks and social capital in poverty reduction, local knowledge and sustainable livelihoods, vulnerability, and risk aversion.

#### **5.1.5. Macroeconomic dynamics and stability**

This research area undertakes studies in the areas of key macroeconomic variables like inflation, growth, unemployment, monetary and fiscal instruments, consumption, investment, and foreign trade. It also deals with inequality, public insurance, monetary policy, political economy, and welfare.

#### **5.1.6. Development policy analysis**

In this research area, development policies designed at macro levels like Agricultural Development Led Industrialization (ADLI), Sustainable Development and Poverty Reduction (SDPRP), Plan for Accelerated Sustainable Development to End Poverty (PASDEP), Food Security Strategy (FSS), Millennium Development Goals (MDGs), Growth and Transformation Plan (GTP), Climate Resilient Green Economy (CRGE) will be evaluated. In addition, micro level policies including credit policy, input policy, and pricing policy will also be addressed. The research area also identifies economic problems of the society and generates policy recommendations.

### **Beneficiary**

Businesses, institutions, scientific community, policy makers, industries, research institutions, market actors, and the wider public

## **Sub-theme 5.2. Innovation Systems and Impact Evaluation Studies**

### **Rationale**

Technological changes are critical inputs for increasing productivity and ensuring economic growth, and for tackling societal challenges. It is, therefore, necessary to put in place a research system that is responsive and accountable to technology users and other stakeholders. It is, therefore, necessary to know that producing and publishing ‘shelf-bending’ research reports should not be taken as the main output of research. It is necessary to ensure that successful research interventions give priority to promoting widely-shared community development and adoption of appropriate technologies. This is because research will have no impact on socio-economic development without disseminating research results and promoting adoption.

Research outputs should be demonstrated and popularized with full participation of technology users and clients. The outputs should be promoted, transferred, and disseminated at a larger scale. The extent of adoption of technologies should be traced for further feedbacks for assessing barriers to adoption and to pinpoint areas of further interventions by various stakeholders.

Society has to get returns from research undertaking to justify the commitment of human, financial, and material resources for research. The impact brought about by the technologies on the community’s livelihoods should also be assessed. The sub-theme deals with research on building knowledge and institutional capacities of the community for efficient and productive utilisation of technologies.

### **Aim**

The aim of this sub-theme is to research into aspects of research output delivery mechanisms and outlets to the users as well to investigate the impact of knowledge, technologies, and innovations on people’s livelihoods through research-extension linkages.

## **Description**

This sub-theme focuses on technology demonstration and popularisation, technology transfer and dissemination, technology adoption and impact assessment, and research-extension linkages.

## **Potential Collaborators**

Community or technology users; various ministries at federal levels; various regional and zonal offices including agricultural offices, health offices and others; regional and federal research centres; health extension workers and development agents at different levels; non-governmental organisations working on community development activities; and many others.

## **Expected Output**

- Enhanced use of technologies and knowledge
- Increased adoption rates of technologies
- Improved livelihoods of the community through positive and demonstrable impacts
- Enhanced participation of stakeholders in research and extension activities
- Increased orientation of research to customers' needs

## **Research Areas**

### **5.2.1. Technology demonstration and popularization**

This research area focuses on issues related with demonstration of new technologies, practices and knowledge to users and beneficiaries; comparison of new technologies, practices and knowledge with the existing practices; gathering information on users' reactions to new technologies.

This research area is also concerned with creating the basis for linkages between research and extension activities and among other stakeholders. The research area also deals with the flow

of information from research to user communities and vice versa; maintaining continuous contact between research and extension; strengthening the link in several ways including improved collaboration between research and extension and among stakeholders involved. Furthermore, it is also concerned with community level participation in technology generation and dissemination.

### **5.2.2. Dissemination and scaling up of technologies and best practices**

This area is concerned with research in identification of appropriate technologies and practices for transfer and dissemination; identifying areas and assessing capacities of users of technologies and practices.

### **5.2.3. Technology adoption and impact assessment studies**

This research area focuses on determinants of technology transfer from one user to the other; major barriers for adoption; interventions and supports necessary for adoption of technologies; and feedback for researchers. This research area also focuses on short and long term outcomes of technologies; sustainability of the use of technologies; the impact of the technology on environment, social, and economic condition of the society. Furthermore, it also deals with returns from research investment.

### **Beneficiary**

Farmers, scientific community, government, policy makers, industry, research institutions, and the wider public