

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

Available data on completed and on-going research works, particularly in the mandate area of Haramaya University, were collected from different sources- proceedings, thesis abstracts, Theme 5 records, and on-line searches. The specific issues addressed by completed as well as on-going research projects were compared with the research areas planned to be undertaken under Theme 5. In addition to this, desk review of policy documents such as the GTP-2 (Growth and Transformation Plan) was done so as to identify research need that goes with the national plan. Finally, the research issues which were planned but not addressed by both completed and on-going research projects were identified. Accordingly, the following priority research areas have been recommended for the 2017/18 call:

#### **5.1. Economic Development, Policy and Institutional Analysis**

- Climate change adaptation and mitigation policy and institutional analysis.
- Policy and institutional issues for ensuring fair access to and sustainable use of water, particularly for food production.
- Watershed management interventions performance and impact analysis.
- Incentives, performance and impact of investment in agriculture, agro-industry, and manufacturing.
- Trend in inflow of Foreign Direct Investment(FDI) to Ethiopia and evaluation of effectiveness of FDI against its objective, alignment of economic sectors where FDI to Ethiopia are involved and economic sectors where the country demands FDI, and measuring magnitude of benefits derived from FDI;
- Welfare effect of different economic policies, like government strategies and development policies, devised and/or implemented in the country.
- Internal and external business environments for the successful establishment and flourishing of formal or informal business institutions.
- Demand and supply conditions in factor as well as product markets. All types of market like labor, input, product, financial and capital market are areas of interest;
- Value chain analysis, which addresses different aspects in the commodity chain and support institutions in commodity market, and basis/limitations for backward and forward linkages between different business entities;
- Goods and services that meet the quality standards of the local and world markets at prices that are competitive and provide adequate returns on the resources employed or consumed in producing them;
- Economic agents' behavior (willingness to pay) in allocating their disposable income among consumption, saving and investment;
- Social capital, social networks, local knowledge and different livelihood strategies used by the society in relation to their contribution to reducing poverty and building sustainable livelihoods;
- Efforts made by different institutions and organization (stakeholders) to incentivize unemployment reduction and labour productivity improvement, and assessment of existing opportunities and constraints for reducing unemployment;