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