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**Thesis Title** : INFORMAL INSTITUTIONS AS RISK COPING STRATEGIES:  
LABOR SHARING IN RURAL ETHIOPIA

### **Abstract**

Rural Ethiopia is characterized by: Absence of formal insurances; inefficient credit facilities and underdeveloped agricultural labor markets. Under such situation the adverse effect of any shock could be long lasting. Using panel data (1994-2009) from rural Ethiopia, the study tried to discuss about the potential role of informal labor sharing institutions, as coping strategies by the time when households face different type of shocks. To address shock variables three types of shocks, having different properties, are chosen. Health shock, flood shock and Birds/wild animal invasion of farms. These shocks have been a major problem in rural Ethiopia next to drought for many decades. The study confirms that, depending on the specific characteristics of labor sharing arrangements and some behavior of shocks, the society used these informal institutions as coping strategies against shocks.