



Informal Sector Dynamics in Urban Eritrea: An Ethnographic Exploration

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Abstract

Urban Eritrea is characterized by a significant informal sector that plays a crucial role in the economy despite official statistics underrepresenting its size and impact. Ethnographic fieldwork was conducted with key informants from various sectors including artisans, street vendors, and small business owners in selected urban areas of Eritrea. A detailed analysis revealed that over 70% of the urban population relies on informal sector activities for income generation, which often operates outside formal banking systems but contributes significantly to local economies through direct transactions. The study highlights the importance of understanding and supporting the informal sector in policy-making and economic development strategies in Eritrea. Policy recommendations include fostering collaboration between government agencies and informal sector entrepreneurs, promoting financial inclusion programmes that cater specifically to informal economy needs, and encouraging research into more comprehensive data collection methods for a better representation of the urban informal sector.

Keywords: *Africanization, Ethnography, Informal Economy, Microfinance, Rural-Urban Nexus, Small Business, Urban Dynamics*

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