



Informal Sector Dynamics in Lesotho’s Urban Economy: An Eclectic Analysis

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Abstract

Informal sectors play a significant role in urban economies across Africa, including Lesotho, where they contribute to employment and economic activity despite often facing regulatory challenges. This research employs a mixed-methods approach combining qualitative interviews with quantitative data analysis of business registration records to understand informal sector dynamics in Lesotho’s urban areas. The findings indicate that the construction sector is the most prominent within the informal economy, accounting for approximately 30% of total employment and contributing significantly to urban development projects. This study highlights the importance of recognising and supporting the growth of the informal sector in Lesotho’s urban economy, suggesting potential policy interventions aimed at fostering a more inclusive economic environment. Policy recommendations include developing targeted support programmes for informal businesses, enhancing regulatory frameworks to ensure fair competition, and promoting skills training initiatives to improve business sustainability.

Keywords: *Africanization, Informal Economy, Lesotho, Microfinance, Network Theories, Regulatory Challenges, Urban Development*

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