

Lesotho's Global Competitiveness; excerpts from The Global Competitiveness Report 2009-2010 by Professor Klaus Schwab.

There are 12 pillars that are determinants of competitiveness of a country.

1. **Institutions**- this environment is determined by legal and administrative framework within which individuals, firms, and governments interact to generate income and wealth in the economy. The quality of institutions has a strong bearing on competitiveness and growth. It influences investment decisions and the organization of production and plays a central role in the ways in which societies distribute the benefits and bear the cost of development strategies. Lesotho is ranked 82 out of 133 (page 4 and 198)
2. **Infrastructure**- extensive and effective infrastructure is an essential driver of competitiveness. It is critical for ensuring the effective functioning of the economy, as it is an important factor determining the location of economic activity and the kinds of activities or sectors that can develop in a particular economy. Lesotho is ranked 114 out of 133 (page 4 and 198)
3. **Macroeconomic Stability**- the stability of the macroeconomic environment is important for business and therefore the overall competitiveness of a country. Macroeconomic disarray harms the economy. Lesotho is ranked 29 out of 133 (page 5 and 198)
4. **Health and primary education**- a healthy work force is vital to a country's competitiveness and productivity. Workers who are ill cannot function to their potential and will be less productive. This pillar takes into account the quantity and quality of basic education received by the population, which is increasingly important in today's economy. Lesotho is ranked 127 out of 133 (page 5 and 198)
5. **Higher education and training**- Quality higher education and training is crucial for economies that want to move up the value chain beyond simple production processes and products. In particular, today's globalizing economy requires economies to nurture pools of well-educated workers who are able to adapt rapidly to their changing environment. Lesotho is ranked 105 out of 133 (page 5 and 198)
6. **Good market efficiency**-countries with efficient goods markets are well positioned to produce the right mix of products and services given the supply-and-demand conditions. As well as to ensure that these goods can be most effectively traded in the economy. Lesotho is ranked 82 out of 133 (page 5 and 198)
7. **Labor market efficiency**-the efficiency and flexibility of the labor market are critical for ensuring that workers are allocated to their allocated to their most

- efficient use in the economy and provided with incentives to give their best effort in their jobs. Lesotho is ranked 64 out of 133 (page 6 and 198)
8. **Financial Market Sophistication**-the present economic crisis has highlighted the central role of a sound and well functioning financial sector for economic activity. An efficient financial sector allocates the resources saved by a nation's citizens as well as those entering the economy from abroad to their most productive uses. Lesotho is ranked 102 out of 133 (page 6 and 198)
 9. **Technological readiness**- this pillar measures the agility with which an economy adopts existing technologies to enhance the productivity of its industries. In today's globalized world, technology has increasingly become an important element for firms to compete and prosper. Lesotho is ranked 116 out of 133 (page 6 and 198)
 10. **Market Size**- the market size affects productivity because large markets allow firms to exploit economies of scale. In the era of globalization, international markets have become a substitute for domestic markets, especially for small markets. Lesotho is ranked 127 out of 133 (page 6 and 198)
 11. **Business Sophistication**-is conducive to higher efficiency in the production of goods and services. This leads, in turn, to increased productivity, thus enhancing a nation's competitiveness. Lesotho is ranked 104 out of 133 (page 6 and 198)
 12. **Innovation**-it's particularly important for economies as they approach the frontiers of knowledge and the possibility of integration and adapting exogenous technologies tend to disappear. Lesotho is ranked 65 out of 133 (page 7 and 198)

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