

LEGATUM
INSTITUTE

PROSPERITY INDEX

www.prosperity.com

The 2023 Legatum Prosperity Index™



SIXTEENTH EDITION

A tool for transformation

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Contents

Foreword	2
Introduction	4
Key Findings	14
Executive summary.....	16
Mapping prosperity in 2023	18
The pillars of prosperity at a glance	20
The Legatum Prosperity Index™ Ranks	22
Has prosperity converged or diverged around the world?	26
Mapping Regional Prosperity	30
Western Europe	34
North America	36
East Asia and Pacific.....	38
Eastern Europe	40
Latin America and the Caribbean	42
Central and South Asia	44
Middle East and North Africa.....	46
Sub-Saharan Africa.....	48
Pillar Profiles	50
Safety and Security	58
Personal Freedom.....	60
Governance	62
Social Capital.....	64
Investment Environment	70
Enterprise Conditions	72
Infrastructure and Market Access.....	74
Economic Quality.....	76
Living Conditions	82
Health.....	84
Education.....	86
Natural Environment.....	88
Methodology	90
Constructing the Index.....	92
Table of sources	94
Notes	98
Acknowledgements	100

Foreword



How do countries become prosperous? And why are some of the least developed states not catching up to the rest?

To answer these questions, the Prosperity Index has tracked the journeys of 167 nations for the past 16 years, analysing 12 pillars and

300 indicators. Prosperity is more than mere economic growth – it also requires political and social development. Countries such as Denmark continuously crown the Index because of their well-functioning liberal institutions, open markets and societies that allow citizens to realise their potential, and hence, flourish.

However, for too many people in the countries ranking at the bottom of the Index, flourishing remains a distant goal. While reaching prosperity has always been a driving force for countries around the world, it is neither a right nor a guarantee. The possibility of reaching prosperity depends on the will and determination of a nation's leaders and citizens. For political leaders, it means making deliberate choices to develop a society that works for everyone. For people, it means reaching a national consensus.

This year, we explore these questions because we are standing at a critical moment in history. Low- and middle-income countries face a stark choice in their pathway to prosperity. As our accompanying commentary shows, with the return of realpolitik, liberal democracy is being challenged by the increasing aggression of China and Russia. Their support for authoritarian regimes worldwide offers an alternative development path to that of open societies and economies, reminding us what the world looked like before the fall of the Berlin Wall.

This year's Index finds that, over the last decade the vast majority of countries, and particularly the lower-ranked ones, have experienced an improvement in their living conditions, health and education. However, in many countries this has taken place in the context of weakening of democratic standards: an attack on personal freedoms, unconstrained executive powers, popular discontent, and a disbelief in 'the end of history'.

And while Western democracies are being tested, it is the 40 countries that were at the bottom of the Index in 2013 that have lagged even further behind from the rest of the world since then. Primarily, it is the deterioration of their economies and institutions that has led to the divergence of prosperity.

Our research this year has shown that political development and social cohesion are the key to unlocking the

power of markets and human flourishing. A full liberal democracy guarantees that all citizens are treated equally by the state and the law, and that no groups have special economic privileges. Everyone can achieve earned success and realise their unique potential.

Hence, to achieve greater prosperity, leaders' determination to advance liberal democracy is needed now more than ever. It will be necessary to build resilient and capable institutions that can respond to the needs of the citizens. It will also be essential for political leaders to discourse with their citizens on the true values that democracy brings: personal dignity, virtue and freedom.

As the people of Ukraine are fighting for theirs, we observe that many democratic societies have taken their freedom – individual and national – for granted. While economic wellbeing and improvements in basic services can be achieved within many political systems, it is only liberal democracy that constitutionally ensures the respect of human dignity for all.

The untapped potential of open societies and markets is particularly striking in low- and middle-income countries, where the majority of the economy is 'informal', excluded from access to public services and finance. This year's Index highlights that while basic needs are met more than ever in the bottom 40 countries, the lack of improvement in political and economic structures prevents these countries from reaching greater levels of prosperity.

For these countries to achieve their potential a major structural transformation will be needed. For some, it will require a democratic transition, for others, it will be essential to strengthen liberal institutions, establish societal norms based on virtue, and open up the economic opportunities that are currently concentrated in the hands of the selected few. While the task is challenging, it is worth undertaking.

We produced this year's report with a belief that outlining these trends will highlight the need for concern and action if we are to achieve widespread prosperity. But we also present this Index with a cause for hope – seeing the virtue of liberal values and democracy and a belief that convergence towards liberal democracy and prosperity is an achievable goal.

Dr Stephen Brien

Director of Policy, Legatum Institute



Introduction





The pathway to prosperity

Prosperity is built when leaders make choices to develop a society that works for everyone – a society that is inclusive and has a strong social contract that protects the fundamental liberties and security of each individual. It is driven by an open economy that harnesses the ideas and talents of the people of a nation. This in turn builds an enabling environment for all to flourish by fulfilling their unique potential and playing their part in strengthening their families, communities, and nations.

For years, many political leaders have focused on the idea of 'getting to Denmark', the country that continuously tops the Prosperity Index. However, the source of the Nordic nation's success is less commonly understood. Rather than mere economic growth, it is Denmark's strong liberal democracy, well-functioning institutions and social cohesion that make it the most prosperous country in the world.

National development begins with a cohesive society and a cohesive polity that allows the development of state capacity, rule of law and political institutions. And while economic improvements have been seen in countries with a variety of political systems, it is only liberal democracy that ensures the dignity and respect of every citizen and allows the fullest extent of human flourishing.

That is because, on an individual level, flourishing is achieved when all people have the freedom and ability to live a contented and fulfilled life, where they use their efforts and abilities to achieve their own goals and well-being with a sense of dignity, purpose and meaning.

At a societal level, flourishing and prosperity are enabled when people are able to contribute to and benefit from an overall sense of security, healthy institutions, enforceable law and regulation, and access to the resources they need. It implies being in a position to make commitments and being able to trust others to honour theirs. The emergence of high levels of trust in a society is concomitant with widespread flourishing.

However, currently, for too many people in developing countries, the opportunity to flourish remains a distant goal. Existing markets are inaccessible to most and support only basic forms of exchange and trade. Informal working is the norm, with limited access to capital and finance.

This leads to a precarious life that does not give people the opportunity to thrive. But across low- to middle-income countries there is enormous untapped potential. We believe that ordinary people can do extraordinary things when they are accorded dignity and freedom.

In developing countries, this potential can be tapped through major structural political and economic change. Such transformation, the achievement of mass flourishing and the creation of collective prosperity will not come from the outcomes of discrete development projects – it will only come from systematic change. This requires national transformation: to build the institutions, rules, norms and attitudes that underpin highly functioning markets and societies. In many cases, it requires a democratic transition and building the social cohesion that makes open societies and open markets possible.

Markets thrive in conditions of benign politics, good governance, and societal order. But in the meantime, markets can be enhanced or augmented (for social impact) with "backstop" provisions to support participants. These include the ability to negotiate secure property rights, contract enforcement, limited liability, enhancement of reputations, investor protections, accessible and affordable capital, and a variety of insurance products.

It is also important that reforms receive widespread acceptance by society as a whole. Rather than simply replicating international best practices drawn from high-income countries, reforms must work within existing societies and institutions, to improve prevailing practices in a sustainable manner through local innovation and experimentation.

When societies are inclusive and enjoy political equality, it is more likely that in a functioning economy, wealth generation will be more broad-based, leading to greater personal flourishing. As citizens become more empowered, they are more inclined to increase their demands for government services that help their wellbeing. In an accountable society, public services such as healthcare and education will then be delivered by governments as they strive for citizens' approval and re-election. This leads to a flourishing society, and in turn, greater prosperity.

Defining prosperity

True prosperity is when all people have the opportunity to thrive by fulfilling their unique potential and playing their part in strengthening their communities and nations.

Prosperity is underpinned by an **inclusive society**, with a strong social contract that protects the fundamental liberties and security of every individual.

In a prosperous society:

- People live in peace, free from the threat of violence, oppression, and crime.
- Everyone's inherent dignity is respected, and freedom of speech, worship, and assembly are protected.
- Governing institutions act with integrity, are accountable to citizens, and are subject to the rule of law.
- Stable families and supportive communities instil the values that shape the culture and build the bonds of trust needed for society to flourish.



Prosperity is driven by an **open economy** that harnesses ideas and talent to create sustainable pathways out of poverty.

In a prosperous society:

- Property rights are protected, so investment can flow.
- Business regulation enables entrepreneurship, competition, and innovation.
- Open markets and high-quality infrastructure facilitate trade and commerce.
- Fiscal and monetary policy are used responsibly to foster employment, productivity, and sustained economic growth.



Prosperity is built by **empowered people**, who create a society that promotes wellbeing.

In a prosperous society:

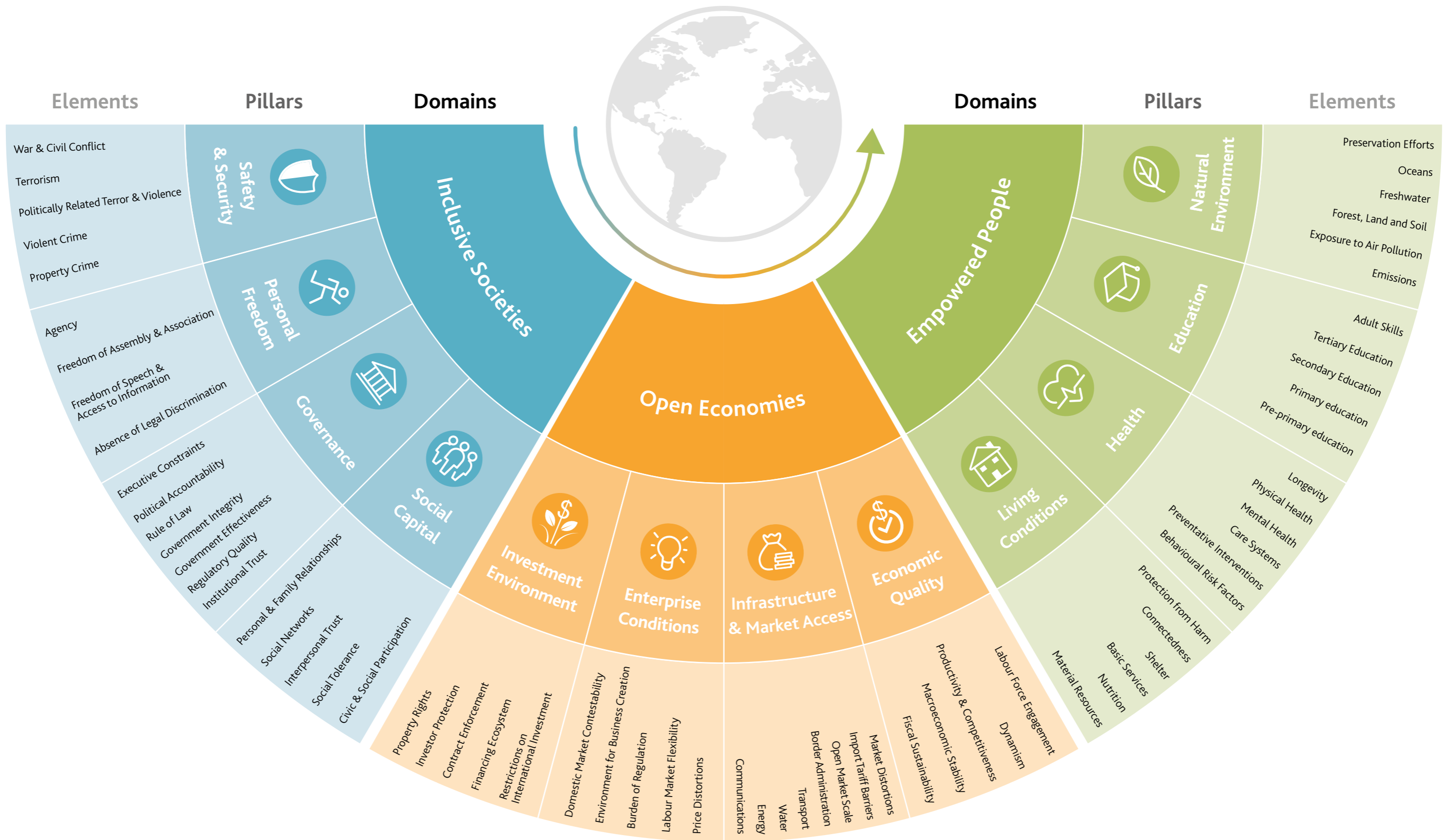
- Everybody is able to build a life free from poverty.
- People take care of their physical and mental health and have access to effective healthcare.
- Learning is valued and everyone receives a high-quality education, so they can reach their potential.
- The natural environment is stewarded wisely, as a legacy for present and future generations.



Ultimately, prosperity is not just about what we have; it is also about who we become.

The building blocks of prosperity

The domains, pillars, and elements of prosperity



The Index in numbers



Credit: iStock

16
16 Years

167
167 Countries

8
8 Regions

99.4
99.4% of the
global population

3
3 Domains

67
67 Elements

12
12 Pillars

300
300 Indicators

49,933
49,933 Discrete annual data points

81
81 Data sources

105
105 Specialist advisers

How to use the Index

The Prosperity Index has been developed as a practical tool to help identify what specific action needs to be taken to contribute to strengthening the pathways from poverty to prosperity and to provide a roadmap as nations encounter increasing economic and political shocks.

Interpreting the Index

For 167 nations, the Index uses the same indicators, and combines them in the same way to create elements and pillars. By using the Index, it is possible to compare the relative performance of each country for overall prosperity and each of the 12 pillars of prosperity, such as investment environment, health, education, and social capital, as well as the 67 elements within the pillars. The elements have been established to represent key policy areas, such as investor protections, primary education, government integrity, and air pollution, to help facilitate more targeted action.

Making these comparisons will enable the user to explore which aspects of prosperity are more or less well developed within a country, and how countries compare with others. The higher the ranking, the stronger the performance of that country for the pillar or element, when compared with a country lower down the rankings. The Index also provides data over a 16-year period, making it possible to see whether prosperity has been strengthening or weakening over time, and what specifically is driving that change.

Applying the Index

The data in the Index and the analysis contained in the report can be used for a variety of purposes, for example:

- Benchmarking performance against peers;
- In-depth analysis of prosperity at the country level;
- Understanding whether prosperity is improving or weakening over time, and why;
- Identifying the binding constraints to increased prosperity;
- Informing priorities for setting country agendas.

Where a country is showing a strong or weak performance in a pillar, it is possible to drill down and identify what particular policy-related element is driving this trend. Within each element, the specific indicators represent proxies, and each one should be interpreted as indicative. This will help inform the required policy action to strengthen performance.

For example, it may be discovered that a country's poor prosperity rankings are driven by a weak performance in education. Upon further investigation, the Index reveals that, although current education policy in the country is weaker in primary education, it has been focused on improving secondary education when contrasted with regional comparator countries. In particular, further investigation of the Index reveals that low completion rates may be driving the weak performance in primary education.

By using the historical data provided by the Index, it may become apparent that primary completion rates have declined rapidly over the past three years. Discussion with local education officials on the decline may reveal that this coincides with the introduction of a new exit exam that pushes students out of school who do not pass.

Resources available

There are several tools available to aid analysis and interpretation of the Prosperity Index. Alongside this report, which provides a high-level analysis of the findings from the Index, the following additional information can be found via our website www.prosperity.com:

Country profiles. A 15-page profile for each country provides more detailed pillar, element, and indicator information, including rankings and scores, and how these have changed over time.

Indicator scores. An Excel spreadsheet which contains the scores for all of the 300 indicators for each year since 2007. Using these scores, the user can carry out more in-depth analysis.

Team members at the Legatum Institute are available to engage and provide support to those interested in addressing the challenges and opportunities presented by these materials. Please contact us at info@li.com.

Using the Index

The Index has been designed to benefit a wide range of users, including political leaders, policymakers, investors, business leaders, philanthropists, journalists, and researchers.



Credit: iStock

Political leaders

This report provides leaders at a national and local level with an overview of their country's performance across the 12 pillars of prosperity and provides the foundation for setting an agenda to create pathways from poverty to prosperity. These can be developed and refined using the more in-depth accompanying resources.

Policymakers

Each of the 67 elements of prosperity have been designed to be recognisable, discrete areas of domestic policy, and measured using a combination of indicators from a variety of public data sources. The indicators should be interpreted as a set of proxies for the underlying policy concept, and we would encourage policymakers to interpret a country's score and rank for an element as the trigger for more fundamental analysis of its strengths and weaknesses. Benchmarking against a basket of international metrics should be complemented by in-depth, context-sensitive analysis, which itself can lead to more balanced agendas across a range of policy areas.

Philanthropists

Beyond the familiar humanitarian and living conditions-focused efforts, there are many opportunities to invest in building stronger social, political, and economic outcomes. For example:

Social Capital: Institutional and interpersonal trust are two critical factors that will help the countries of the world build prosperity. However, these are less-understood areas, and there is a unique role for philanthropists to identify and champion what it takes to increase trust and build social capital.

Enterprise Conditions: Some NGOs have enhanced prosperity at a local level by working with local businesses to identify barriers to starting, operating, and growing businesses, and developing collaborative approaches to resolving them at a local and national level.

Investors and business leaders

The business community is well positioned to identify barriers to starting, operating, and growing business, and to demonstrate to governments the economic potential from reforms such as lifting onerous regulation. Likewise, business leaders and investors can work with governments to improve the investment environment, contributing to the strengthening of investor protections and corporate governance, as well as identifying the potential from improved contract enforcement in many jurisdictions.

Furthermore, business leaders and investors can contribute to infrastructure policy development by demonstrating the economic impact of investment.

Academics and researchers

For academics and researchers, our database of curated indicators is a unique resource enabling cross-country comparison of trends and patterns across the past 15 years for much of the data. It provides a holistic dataset across many disciplines, allowing users to compare in a straightforward way the impact of disparate factors.

Journalists and civil society

The Prosperity Index is based on publicly available and verifiable data, which means it can be a powerful resource for those who want to hold up a mirror to those in power and society at large. Holding leaders to account is a crucial role for both journalists and civil society. The institutional, economic, and social performance of a nation is critical to its prosperity, and having non-government actors calling out weaknesses, as well as celebrating successes, can help spur on national leaders. To do so well requires easy access to reliable data that can be easily understood.

The nature of transformation

The pathways from poverty to prosperity vary from country to country. When confronted with many challenges, navigating them can often seem overwhelming. From our research and engagement with national leaders, three important themes inform the appropriate response to addressing the challenges.

1. Transformation is a process, not an event. For countries in the middle ranks of the Index, it is not necessary, or useful, to aspire to be Denmark – at least in the medium term. Intermediate benchmarks are much more helpful and effective.
2. Iterative changes are often more powerful than striving for an ideal on any one dimension. Given the highly complex nature of development, many factors impinge on others. There is little value in having a highly efficient, or even 'ideal', system of contract enforcement if the forms of corporate governance, investor protections, or property rights are much less developed. In fact, a focus on one single issue can be detrimental, as it can generate unintended consequences. Each change of the ecosystem needs to move from one (relatively) stable state to another. These are often described as 'second-best institutions'.
3. It is important to identify the most binding constraint to development, and use it to inform sequencing and prioritisation. To give a rather simplified example, a country may find itself with a weak environment for foreign investment and also weak property rights. In such a situation, loosening restrictions on foreign investment is unlikely to have much of an impact, as investors will be wary of securing a return if property rights are not adequately protected. In such a circumstance, improving property rights would likely be a more impactful first step.

Of course, the specifics of each country's circumstances will be critical to determining the prioritisation. The Index provides a set of hypotheses to test. The areas of highest priority will likely be those that are performing relatively poorly, but not necessarily the weakest-performing elements, as creating the conditions to warrant improving the weakest-performing elements may require improving some of the elements that are less weak first. Each country has its own unique history and set of starting conditions. Nowhere is starting from a blank sheet.

That said, when looking at the progression of those countries that have had the most successful development trajectories, it is clear that establishing safety and security, adequate personal freedoms, and broadly principled systems of governance are generally prerequisites to building a functioning economy. Within the economic sphere, a broadly stable macro-economic environment, together with enforceable property rights, are usually sufficient to kick-start economic progress. Improving the regulatory environment (whether the ease of doing business, or the flexibility of the labour market) can help, but the prevalence of informal economic systems around the world, as well as the varying development pathways that countries have taken, shows they are not necessarily the most binding constraint to development. By addressing underlying institutional failures, this will also ensure that resources made available to improve people's lived experience will result in strengthening the education and health systems and provide the living conditions that will enable the population to attain the necessary level of wellbeing.

A robust, and context-sensitive, diagnostic of the binding constraints to development is a prerequisite for relevant development strategies.

Key Findings







Executive summary

For the third consecutive year, the 2023 Legatum Prosperity Index finds that prosperity continues to plateau around the world, with the primary reason being a general trend towards the deterioration of institutions and democratic processes.

Basic needs are being met more than ever.

At the most elemental level, people's lives have continued to improve around the world in the past decade, with the least prosperous countries seeing progress and catching up to the rest of the world in all aspects of **Living Conditions**, including nutrition, basic services, shelter, connectedness and protection from harm. **Education** has improved globally, with tertiary skills and adult skills experiencing a particular strengthening. Additionally, **Health** continues to improve and converge across all countries, despite the setbacks caused by the pandemic. Mortality rates are much lower today than they were 10 years ago.

The potential of the world's least prosperous countries is not currently being realised.

While the world's least prosperous countries have seen signs of improvement, they have greater potential than is being realised. Only four countries have moved out of the bottom 40 in the last 10 years. Outside of areas that are easier to get right with the help of technology and basic interventions, prosperity has diverged. In 6 out of 12 pillars, the bottom 40 countries have deteriorated, while, on average, the rest of the world has improved. While the group saw improvement in some areas, the progress was not fast enough to catch up to the rest of the world. Importantly, it is the deterioration of institutions and economies that has caused these countries to fall behind.

Over the last 10 years:

- The percentage of people living on less than \$5.50 a day has fallen globally from 57% to 47% globally and has halved in East Asia and the Pacific from 56% to 28%.
- The percentage of children completing lower secondary school has risen from 74% to 80%. In Central and South Asia it has risen from 68% to 79%.
- The mortality rate for children under five has fallen from 37 deaths to 26 deaths per 1,000 children. In Sub-Saharan Africa it has fallen from 98 deaths to 71 deaths per 1,000 children.

However, the lowest-ranked 40 countries in 2013 have also seen:

- Two-sided conflicts deaths rise from 23,000 to 86,000.
- GDP per capita growth fall from 2.0% to -0.1%.
- The scope of their trade deals increase from 8% to only 12% of the global economy (while the top 40 have increased their trade deal access to foreign markets for goods from 31% of the global economy to 45%).

Fundamental weaknesses in the global economy impact the least prosperous countries the most.

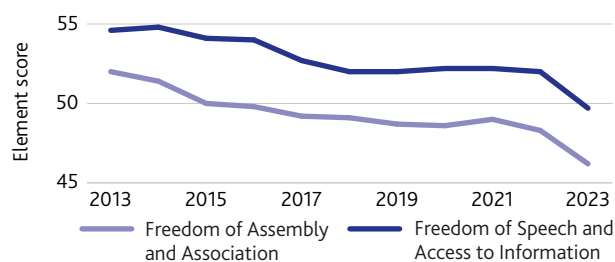
Recent economic shocks have exacerbated long-term structural weaknesses. There has been a slowdown in productivity growth that is felt not only by the Western economies but also by developing countries. The least prosperous countries are less well-positioned to counter these shocks than the rest. For example, the last decade has seen an increasing infrastructure gap between the least prosperous countries and the rest. Apart from in Asia, the countries at the bottom of the Index have not caught up with the rest of the world in productivity. Furthermore, while extensive trade deals allowed prosperous nations to gain access to almost half of the world's markets, the bottom 40 countries have access to less than a third as much.

Fragile democracies and the deterioration of civil liberties are a global trend.

Regardless of whether elections are held in most countries, democratic practices have been backsliding around the world. **Executive Constraints** have deteriorated in every region, other than Western Europe, and the level to which executive powers are effectively limited by the judiciary and legislature has decreased. Many countries in Europe illustrate this trend, with their governments undertaking increasingly undemocratic practices.

The same is true of civil liberties. Over the last decade, **Personal Freedoms** have deteriorated in as many as 108 countries, with an increasing hostility towards freedom of assembly and association, freedom of speech and access to information. Censorship has become increasingly common around the world, including in democratic countries.

Bottom 40 deterioration of freedom, 2013–2023



The return of realpolitik could have profound repercussions for prosperity.

The decline in democratic institutions comes at a time when democracies are being challenged externally by actors such as the Kremlin and Beijing. In the 1990s it was believed that liberal democracy had reached the 'end of history'. However, today, with nationalist drums beating in the Taiwan Strait and Russian tanks trying to occupy Ukraine, the political and ideological map looks considerably different. Realpolitik is back and the liberal international order is facing a meaningful challenge for the first time since the Cold War. Many aspects of prosperity beyond just safety and security are now being determined by events in the international arena – including energy, trade, access to finance, education, health and even personal freedom.

If we were to see a rollback of globalisation in these fraught geopolitical times, it would have consequences for everyone. This year has showed the grave impact of the world's dependence on Russia for energy and commodities, where global supply chain constraints have led to soaring inflation.

The most developed countries perform well but there are symptoms of malaise.

Looking at the top group of the Index and analysing the state of prosperity in the West, we find that in the most prosperous countries prosperity has plateaued. While in the long run, Western liberal democracies have consistently performed well across a range of metrics, there are also signs of fragility. There has been a plateauing and decline of real incomes of the working classes due to a failure to adjust to major economic shifts. As a result, three patterns have emerged: the growing sense of being 'left behind', citizens' dissatisfaction with the performance of their democracies, and the rise of populism. Since the mid-1990s, the proportion of citizens who are 'dissatisfied' with the performance of democracy in their countries has risen by almost 10% globally.

The diverging economic trajectories within countries are combining in a harmful way with the decline in social capital. The symptoms of malaise, from rising loneliness and mental health struggles to declining institutional trust, are a consequence of the decline in the essential characteristics of a liberal democracy – virtue, community and national identity. And yet, there is a caveat to the story – in the rest of the world, social capital is on the rise, allowing more and more people to live in inclusive societies.

Key country rankings

Global



Top in 2023:
Denmark (1st)



Bottom in 2023:
South Sudan (167th)



Most improved in 2023:
Kenya (108th)



Most deteriorated in 2023:
Myanmar (143rd)



Most improved 2013–2023:
Côte d'Ivoire (121st)



Most deteriorated 2013–2023:
Venezuela (145th)

Top in Region, 2023



North America:
Canada (13th)



East Asia and Pacific:
New Zealand (10th)



Eastern Europe:
Estonia (21st)



Latin America and Caribbean:
Chile (36th)



Central and South Asia:
Kazakhstan (69th)



Middle East and North Africa:
Israel (33rd)



Sub-Saharan Africa:
Mauritius (47th)

Most improved in Region, 2013–2023



Western Europe:
Greece (40th)



North America:
Canada (13th)



East Asia and Pacific:
China (54th)



Eastern Europe:
Lithuania (32nd)



Latin America and Caribbean:
Dominican Republic (67th)



Central and South Asia:
Nepal (110th)



Middle East and North Africa:
Algeria (109th)

Mapping prosperity in 2023

Denmark (1st) is the most prosperous country in the world. Having led the Index since 2020, Denmark is in the top 10 for all pillars of prosperity, apart from health. Strong governance and liberal institutions are a particular strength.

Turkey (95th) has seen its governance deteriorate significantly over the last 10 years, falling 65 places to 127th, with political accountability deteriorating at the greatest rate globally. Constitutional reforms in 2017 concentrated more power in the hands of the executive, removing key checks and balances. Personal Freedom has also deteriorated at the second greatest rate globally, with the government consistently suppressing dissent.

Hong Kong's (22nd) personal freedom has deteriorated at the greatest rate globally in the past decade. Freedom of assembly and association has fallen from 88th to 135th and access to information has fallen from 61st to 120th. Satisfaction with freedom has eroded from 87% to 67%, after Chinese infringement on liberties protected under the handover agreement sparked riots in the summer of 2019.

Canada (13th) is ranked 6th globally for primary education. With its compulsory primary education system largely managed provincially (within a framework of federal regulation), it ranks 2nd for primary enrolment and has a primary completion rate of 99.8%. Additionally, Canada ranks 3rd for adult skills with the number of women's average years in school at 15.7, the highest in the world.

Venezuela's (145th) prosperity deteriorated at the greatest rate of any country over the past decade, falling 36 places. Venezuela has also deteriorated from 57th to 97th in health and 110th to 166th in economic quality. The ongoing economic crisis has seen Venezuela drop to the lowest rankings globally in investment environment, enterprise conditions and governance. With Venezuelans struggling to make ends meet, more than 7 million people have left the country since 2015.

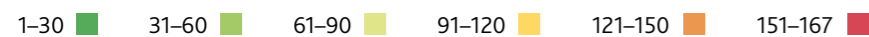
Nepal's (110th) prosperity improved the second most globally, led by social capital rising at the greatest rate in Central and South Asia. With more people voicing their opinion to public officials and turning out at elections, Nepal has risen 56 places to 32nd in civic and social participation.

South Sudan (167th) is the least prosperous country in the world. It ranks last for Safety and Security, with the past 12 years since independence being marked by rampant corruption, economic collapse and numerous atrocities. Notably, an increase in politically related terror and violence, as well as the ongoing civil conflict, have led the country to the bottom of the pillar as well as the Index.

Vietnam (73rd) improved at the greatest rate globally for infrastructure and market access, with strong improvements in its communications and trade openness. It is world-leading in market access as a result of signing several trade agreements (for example, AFTA, CPTPP), rising 19 places to 1st. Furthermore, it has risen from 90th to 22nd in international internet bandwidth.

Several countries are not included in the Legatum Prosperity Index due to inaccessible or insufficient data. The most populous of these is the Democratic People's Republic of North Korea, with an estimated population of 25.8 million.

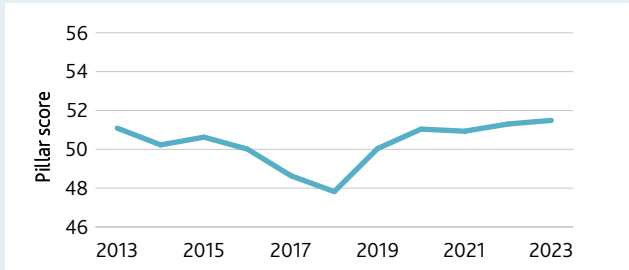
Global Prosperity Index, 2023 ranking:



The pillars of prosperity at a glance



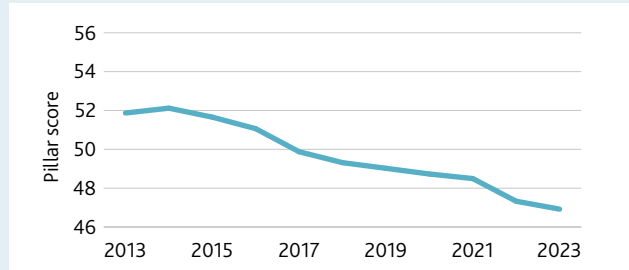
The **Safety and Security** pillar measures the degree to which war, conflict, and crime have destabilised the security of individuals, both immediately and through longer-lasting effects.



Safety and Security deteriorated then improved over the last 10 years. Terrorism incidents increased, then fell in the last 5 years. Politically related terror and conflict has also improved.



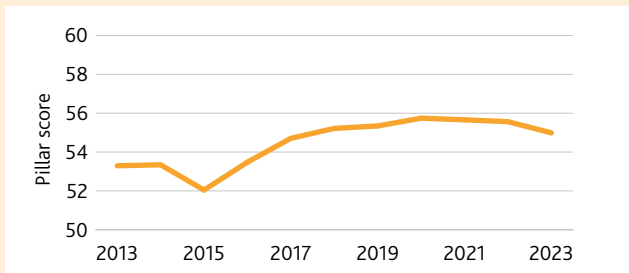
The **Personal Freedom** pillar measures progress towards basic legal rights, and individual liberties.



Personal Freedom has deteriorated the most of any pillar over the last 10 years. This is due to increasing restrictions on freedom of assembly and association, and freedom of speech.



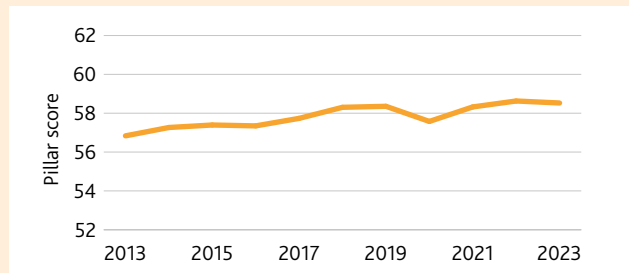
The **Investment Environment** pillar measures the extent to which investments are adequately protected and are readily accessible.



Property rights and financing ecosystems have improved. Investor protections have improved as a result of better shareholder governance, conflict of interest, and insolvency regulation.



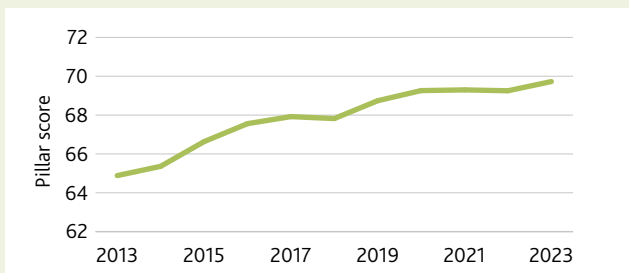
The **Enterprise Conditions** pillar measures the degree to which regulations enable businesses to start, compete, and expand.



The burden of regulation has improved over the last 10 years, with the percentage of time senior managers spend complying with regulations and the time to obtain a construction permit falling.



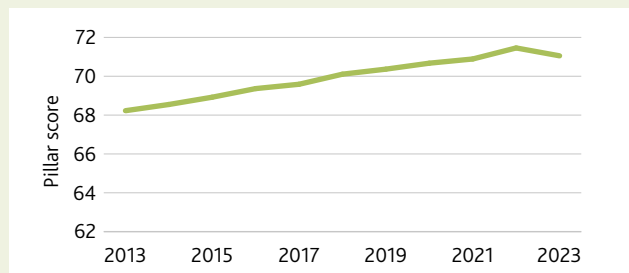
The **Living Conditions** pillar measures the degree to which a reasonable quality of life is experienced by all, including material resources, shelter, basic services, and connectivity.



There has been an improvement in basic services, connectedness, material resources and protection from harm. Access to basic sanitation services has increased from 67% to 78% of people.



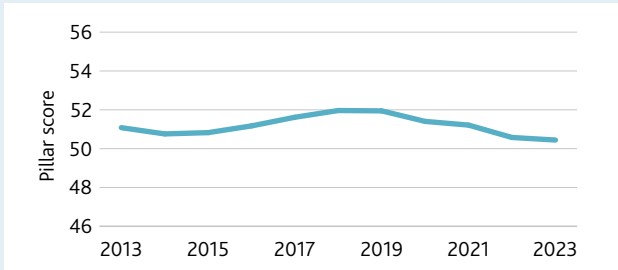
The **Health** pillar measures the extent to which people are healthy and have access to the necessary services to maintain good health, including health outcomes, health systems, illness and risk factors, and mortality rates.



Health has continued to improve with rising life expectancy and better care systems across the world. For example, under-5 mortality has fallen from 38 to 26 deaths per 1,000 children.



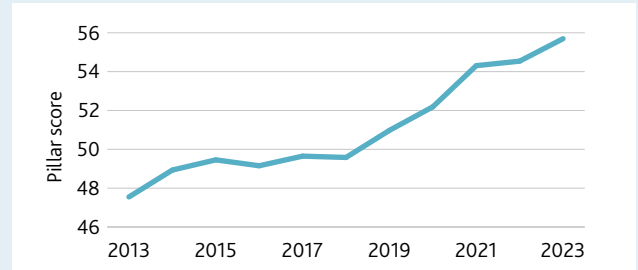
The **Governance** pillar measures the extent to which there are checks and restraints on power and whether governments operate effectively and without corruption.



Governance has seen a slight decline over 10 years, primarily due to deteriorating executive constraints, political accountability, and rule of law.



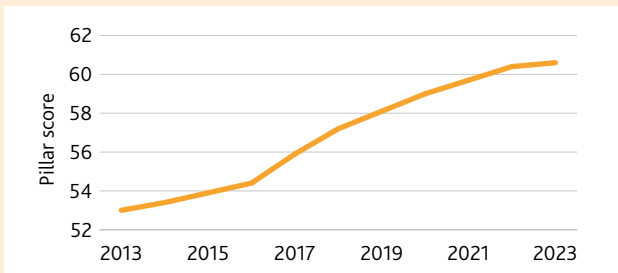
The **Social Capital** pillar measures the strength of personal and social relationships, social norms, civic participation in a country, and social tolerance.



Social tolerance, interpersonal trust, and civic and social participation have been improving, with more people saying their area is a good place for ethnic minorities and migrants to live.



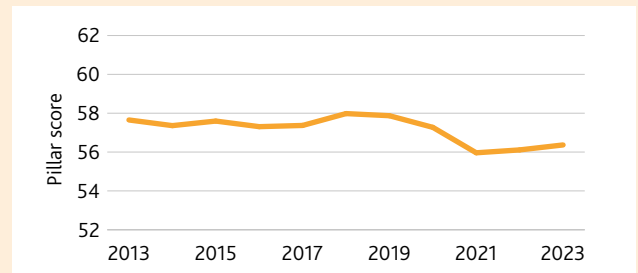
The **Infrastructure and Market Access** pillar measures the quality of the infrastructure that enables trade, and distortions in the market for goods and services.



Aside from improving communications, where the proportion of people using the internet has doubled from 29% to 59%, border administration and open market scale have improved.



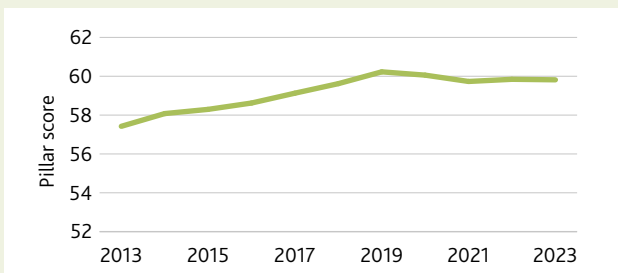
The **Economic Quality** pillar measures how well an economy is equipped to generate wealth sustainably and with the full engagement of the workforce.



Fiscal sustainability has seen one of the largest deteriorations and GDP per capita growth has halved over 10 years. However, the number of new businesses and patent applications has risen.



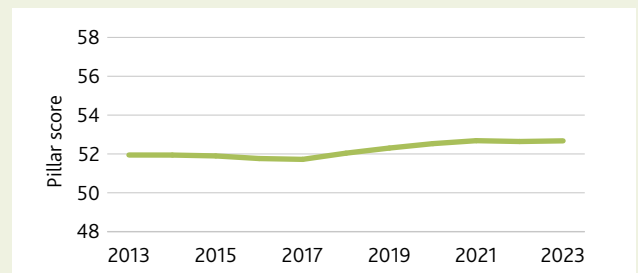
The **Education** pillar measures enrolment, outcomes, and quality across four stages of education (pre-primary, primary, secondary, and tertiary education), as well as the skills in the adult population.



Leading up to the pandemic there was increasing enrolment in pre-primary education and tertiary education. Lower secondary completion was also rising.



The **Natural Environment** pillar measures the aspects of the physical environment that have a direct effect on people in their daily lives and changes that might impact the prosperity of future generations.



There are more protected areas than 10 years ago, and satisfaction with preservation efforts has risen from 51% to 62%. However, emissions have increased, alongside exposure to pollution.

The Legatum Prosperity Index™ Ranks 1–56



2013 rank	2022 rank	2023 rank	Country	Safety and Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Infrastructure and Market Access	Economic Quality	Living Conditions	Health	Education	Natural Environment
4	1	1	Denmark	6	2	3	1	8	8	9	7	2	16	5	5
1	3	2	Sweden	10	4	7	4	6	15	7	8	3	9	8	1
2	2	3	Norway	3	1	2	3	9	14	20	5	4	7	10	9
5	4	4	Finland	15	3	1	7	2	12	10	20	7	15	2	2
3	5	5	Switzerland	2	12	4	12	12	1	11	2	5	10	4	6
6	6	6	Netherlands	9	5	5	8	3	9	3	10	1	11	6	39
8	7	7	Luxembourg	1	6	8	18	20	4	6	6	6	12	36	10
14	9	8	Iceland	8	7	10	5	19	20	19	21	10	8	11	13
9	8	9	Germany	19	9	9	20	21	6	5	11	8	13	19	12
7	10	10	New Zealand	32	11	6	2	7	21	23	22	30	25	18	11
15	11	11	Ireland	11	8	13	16	14	16	24	4	19	23	12	17
10	12	12	United Kingdom	21	17	15	15	10	10	12	15	9	34	14	22
13	14	13	Canada	18	14	12	10	13	13	15	32	13	32	17	20
11	13	14	Austria	12	15	14	14	16	19	14	25	21	22	22	7
12	15	15	Australia	20	20	11	6	22	24	28	23	15	21	7	19
19	16	16	Japan	5	27	17	141	5	5	8	28	17	2	13	15
18	17	17	Singapore	7	107	18	21	4	11	1	1	14	1	1	87
20	20	18	Belgium	30	10	16	23	11	25	17	27	18	18	15	35
17	22	19	United States	69	29	23	9	17	3	4	16	29	69	20	28
22	19	20	Taiwan, China	4	26	20	44	23	7	34	12	31	4	16	73
23	21	21	Estonia	28	13	19	34	28	23	32	14	22	37	21	8
16	18	22	Hong Kong	16	98	28	68	1	2	2	3	27	14	9	30
21	23	23	France	38	28	21	43	18	18	16	30	20	20	28	14
24	24	24	Spain	24	21	27	11	24	27	13	52	11	26	30	34
28	27	25	Czechia	13	22	32	36	26	42	40	17	24	28	31	27
29	28	26	Portugal	29	16	24	29	29	31	18	46	23	40	39	32
25	25	27	Slovenia	14	35	37	30	30	33	29	35	28	24	25	4
27	26	28	Malta	17	24	29	13	38	30	38	18	16	19	38	104
26	29	29	South Korea	37	42	30	107	25	37	21	9	26	3	3	63
30	30	30	Italy	27	31	39	41	31	28	25	54	25	17	32	31
36	32	31	Latvia	31	23	31	79	39	36	41	33	39	59	27	3
38	33	32	Lithuania	25	25	26	129	33	34	42	31	38	61	24	16
32	31	33	Israel	124	49	22	83	15	17	33	19	12	6	26	96
31	34	34	Cyprus	43	32	35	69	37	32	35	42	32	29	34	38
35	35	35	Slovakia	22	30	40	39	34	59	45	37	35	45	48	24
33	38	36	Chile	77	33	34	48	36	35	27	39	40	51	44	44
34	36	37	Poland	26	55	48	27	42	45	39	36	33	48	37	43
37	37	38	Uruguay	46	18	25	17	40	70	62	60	44	35	53	52
39	39	39	Costa Rica	48	19	33	25	52	46	56	59	58	30	50	23
42	41	40	Greece	34	40	43	101	69	49	26	86	34	41	33	29
44	40	41	Croatia	33	36	52	103	51	88	30	47	36	53	43	26
40	43	42	Hungary	35	76	92	47	45	96	44	29	37	46	41	36
46	42	43	Malaysia	73	113	50	63	27	29	37	34	64	42	46	46
43	44	44	United Arab Emirates	50	146	38	78	32	22	22	26	47	33	42	119
50	45	45	Romania	36	39	51	116	44	80	49	44	54	72	54	45
45	47	46	Qatar	23	149	47	51	43	26	36	13	48	38	60	134
41	46	47	Mauritius	42	52	36	37	41	54	53	72	60	81	62	120
49	48	48	Bulgaria	58	51	61	81	53	52	52	43	51	65	47	64
52	49	49	Montenegro	41	48	55	49	72	40	58	69	50	103	51	100
47	50	50	Panama	49	54	66	45	59	84	46	50	79	57	93	25
48	51	51	Seychelles	52	71	44	53	67	61	61	90	63	39	68	54
66	52	52	Serbia	44	75	96	38	78	82	66	61	41	80	45	131
64	53	53	Georgia	82	59	53	104	47	58	55	78	78	90	49	128
67	58	54	China	86	162	74	31	64	38	43	24	46	5	56	139
57	55	55	North Macedonia	55	60	73	77	49	72	73	73	52	74	88	92
51	54	56	Trinidad and Tobago	84	41	60	75	79	98	75	70	55	64	69	107

The Legatum Prosperity Index™ Ranks 57–112



2013 rank	2022 rank	2023 rank	Country	Safety and Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Infrastructure and Market Access	Economic Quality	Living Conditions	Health	Education	Natural Environment
61	57	57	Jamaica	120	37	56	87	62	51	74	91	71	67	76	112
58	56	58	Argentina	80	34	67	26	87	129	85	118	56	60	58	49
60	60	59	Peru	89	57	77	90	73	69	83	62	99	52	71	33
53	64	60	Kuwait	51	119	87	99	63	76	64	51	42	43	75	137
76	59	61	Armenia	75	70	64	125	75	44	71	83	76	68	59	99
55	63	62	Bahrain	95	156	98	55	35	60	31	56	45	50	63	142
71	61	63	Indonesia	78	95	57	42	65	53	65	58	98	87	89	77
56	62	64	Thailand	117	118	114	28	46	64	51	40	69	31	72	111
65	66	65	Albania	57	73	75	128	76	73	63	101	80	66	57	57
54	65	66	Brazil	119	67	86	35	77	120	87	81	57	83	91	18
59	68	67	Oman	40	142	83	88	58	48	48	63	67	55	83	153
75	69	68	Dominican Republic	108	46	90	50	81	79	69	66	88	89	99	55
84	67	69	Kazakhstan	81	126	99	108	74	83	91	38	53	77	35	126
86	71	70	Moldova	67	66	79	72	84	114	92	93	62	93	52	115
63	70	71	Mexico	148	80	101	61	66	81	47	49	86	71	77	60
77	73	72	Bosnia and Herzegovina	47	69	122	80	83	116	80	75	49	95	84	135
95	76	73	Vietnam	83	139	80	19	105	89	59	48	92	44	67	114
94	81	74	Ukraine	131	68	91	59	124	78	76	77	74	101	40	88
69	79	75	South Africa	136	38	49	40	48	63	68	74	102	129	102	140
70	75	76	Paraguay	64	74	103	32	89	119	89	84	82	88	103	37
87	74	77	Russia	139	140	111	54	85	97	60	41	68	84	23	76
83	72	78	Belarus	72	143	136	134	103	117	79	45	43	62	29	42
90	82	79	Saudi Arabia	98	163	82	105	56	43	54	55	75	56	64	138
78	78	80	Cabo Verde	39	43	42	94	109	99	118	127	100	73	101	80
72	77	81	Colombia	156	82	88	62	61	93	70	85	89	36	80	40
62	80	82	Suriname	63	47	81	95	120	115	93	108	72	123	97	21
74	84	83	Botswana	70	56	41	118	60	68	95	57	114	131	100	143
81	86	84	Philippines	146	83	93	22	82	71	78	53	109	96	86	71
93	83	85	Ecuador	88	64	105	66	100	118	81	114	97	82	82	51
73	85	86	Jordan	74	116	68	152	50	41	67	121	61	100	90	146
89	88	87	São Tomé and Príncipe	45	45	62	97	88	75	122	82	112	94	110	91
92	87	88	Mongolia	61	58	70	57	111	111	113	80	107	110	61	148
91	90	89	Guyana	96	61	71	96	101	113	109	64	85	120	96	47
80	91	90	Namibia	65	53	46	92	80	55	100	133	122	125	109	98
96	89	91	Sri Lanka	134	96	78	71	90	74	97	128	104	47	70	58
104	92	92	Azerbaijan	111	144	113	132	54	47	72	65	65	85	79	149
85	93	93	Belize	90	44	97	117	113	110	98	123	91	91	104	53
105	94	94	Kyrgyzstan	71	103	108	100	99	124	110	88	84	76	85	95
68	95	95	Turkey	147	152	128	137	68	65	50	71	59	63	74	86
100	97	96	Morocco	62	114	89	162	55	90	57	95	95	86	122	132
82	96	97	El Salvador	125	88	102	85	92	94	77	107	90	98	108	121
101	98	98	Ghana	79	50	58	114	98	50	114	134	115	119	118	106
79	99	99	Tunisia	122	86	63	156	95	105	94	111	73	79	95	147
111	104	100	Uzbekistan	53	147	123	46	107	121	104	79	103	49	73	162
97	101	101	Guatemala	116	91	125	91	93	85	86	76	113	104	124	81
113	103	102	Senegal	104	62	59	65	102	56	116	122	117	117	148	75
107	100	103	India	138	112	54	124	70	39	84	89	125	112	106	161
98	102	104	Cuba	103	155	131	33	116	159	105	131	77	27	55	83
103	105	105	Honduras	129	94	141	56	91	100	88	100	111	99	117	65
99	106	106	Bolivia	99	79	127	74	112	154	111	139	101	113	94	48
106	108	107	Turkmenistan	66	161	156	24	121	153	121	67	66	54	66	159
112	112	108	Kenya	144	92	84	67	71	66	108	98	131	114	113	122
115	109	109	Algeria	60	128	107	155	131	138	99	132	70	70	92	144
128	111	110	Nepal	94	84	72	73	117	112	130	102	123	118	119	133
108	110	111	Rwanda	126	115	45	139	57	57	115	87	147	116	133	109
88	107	112	Lebanon	128	100	143	165	104	104	101	161	83	102	65	116

The Legatum Prosperity Index™ Ranks 113–167



2013 rank	2022 rank	2023 rank	Country	Safety and Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Infrastructure and Market Access	Economic Quality	Living Conditions	Health	Education	Natural Environment
114	113	113	Tajikistan	76	145	129	52	122	135	125	109	105	75	81	150
102	114	114	Nicaragua	109	124	153	70	125	146	103	116	110	78	120	67
117	115	115	Laos	56	157	119	136	145	101	90	97	120	111	111	72
120	116	116	The Gambia	92	102	65	64	108	67	135	150	129	139	142	82
125	118	117	Tanzania	105	111	85	133	119	103	131	96	137	128	130	70
116	117	118	Cambodia	100	137	157	140	126	133	96	68	127	92	127	78
118	120	119	Gabon	106	108	139	110	141	148	126	113	108	140	107	90
147	121	120	Côte d'Ivoire	118	93	100	144	115	107	123	92	128	151	138	89
119	124	121	Egypt	142	160	140	161	86	62	82	136	93	107	105	156
124	122	122	Djibouti	85	130	115	142	97	109	112	104	118	126	132	154
132	119	123	Benin	68	78	69	159	130	77	137	110	143	147	139	123
129	123	124	Bangladesh	141	125	133	112	133	91	106	103	121	106	126	151
121	126	125	Malawi	102	72	76	153	114	95	141	147	155	121	145	66
123	125	126	Iran	130	165	146	122	129	162	102	138	81	58	78	158
110	127	127	Zambia	101	109	106	113	110	87	143	162	150	137	134	59
130	128	128	Comoros	59	97	150	82	139	137	145	155	134	130	135	74
133	129	129	Uganda	135	121	124	109	94	86	127	117	140	133	137	113
122	130	130	Papua New Guinea	113	63	112	89	142	132	144	126	158	149	141	62
127	131	131	Equatorial Guinea	91	151	152	93	118	150	129	94	116	156	129	56
136	135	132	Lesotho	97	77	95	130	132	136	133	137	142	164	123	165
151	136	133	Togo	93	105	126	145	135	122	148	140	141	142	131	127
138	132	134	Eswatini	114	150	134	148	106	123	120	106	126	161	125	145
134	134	135	Burkina Faso	143	65	94	120	134	126	152	125	152	132	161	85
150	138	136	Pakistan	149	120	118	123	96	102	124	129	119	124	140	166
144	137	137	Madagascar	121	81	120	111	136	127	140	143	164	145	146	79
135	139	138	Liberia	112	89	109	98	146	106	163	149	145	160	159	61
148	141	139	Zimbabwe	110	134	147	135	156	147	132	145	139	141	98	110
142	142	140	Iraq	163	133	135	138	127	144	107	105	87	115	121	167
153	140	141	Guinea	123	110	130	102	128	92	136	154	151	159	156	68
143	143	142	Nigeria	153	106	132	84	123	125	138	146	132	157	136	129
149	133	143	Myanmar	154	164	142	58	159	145	117	142	130	109	114	84
140	145	144	Sierra Leone	107	85	104	86	152	141	158	157	156	162	151	105
109	144	145	Venezuela	151	136	167	60	167	167	119	166	96	97	87	41
126	150	146	Libya	162	129	160	115	157	161	128	99	94	105	112	157
137	151	147	Cameroon	155	127	148	127	137	128	134	112	135	152	115	118
141	148	148	Congo	133	131	151	149	138	151	147	151	133	146	116	94
154	147	149	Guinea-Bissau	54	99	138	121	158	142	155	153	154	155	162	69
139	146	150	Mozambique	132	101	121	126	140	143	146	158	157	150	160	50
131	152	151	Mali	158	87	117	131	148	134	142	119	136	144	163	97
146	153	152	Niger	140	90	110	76	147	131	164	124	160	143	167	117
156	149	153	Ethiopia	150	138	116	106	155	130	160	115	146	122	149	108
152	154	154	Mauritania	87	123	154	119	161	166	154	135	124	138	154	164
155	155	155	Angola	115	122	137	154	162	163	150	120	144	158	152	124
157	156	156	Haiti	127	104	158	150	164	164	151	144	149	148	143	141
159	157	157	Burundi	152	154	144	146	151	108	157	163	165	134	150	101
158	158	158	Sudan	159	153	145	164	149	155	139	167	138	127	144	163
145	159	159	Syria	164	167	165	167	143	165	149	148	106	108	128	160
164	160	160	Eritrea	137	166	163	158	144	152	161	156	162	135	153	130
162	161	161	Dem. Rep. of Congo	161	117	159	151	166	158	162	159	163	154	147	102
165	164	162	Chad	145	132	162	147	163	157	167	141	161	165	166	103
167	163	163	Somalia	160	141	161	143	153	140	165	165	159	163	158	136
161	162	164	Afghanistan	166	148	149	166	154	139	159	152	153	153	157	155
163	166	165	Central African Republic	157	135	155	160	160	149	166	130	167	167	165	93
160	165	166	Yemen	165	159	166	157	165	160	156	164	148	136	155	152
166	167	167	South Sudan	167	158	164	163	150	156	153	160	166	166	164	125



Has prosperity converged or diverged around the world?

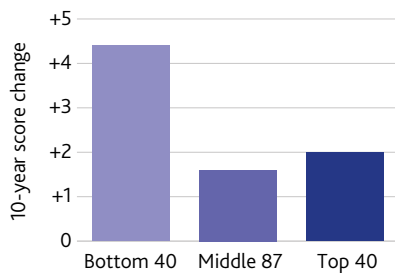
This year, marked by unpredictability, and numerous political and economic shocks, we have looked back at the previous decade. We have seen that, on the most elementary level, people’s lives continued to improve around the world over that time, with the least prosperous countries seeing progress and convergence in all aspects of Living Conditions, including nutrition, basic services, shelter, connectedness, and protection from harm. However, we have also observed that the gap between the most prosperous and least prosperous countries in the world has grown over time, with the least prosperous places becoming less safe, having deteriorating institutions, and weakening economies.

Health, Education and Living Conditions are improving

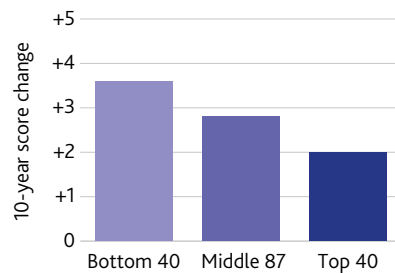
Looking at the past decade, the positive side of the story indicates that Health, Education and Living Conditions have improved across the world. Furthermore, the bottom 40 countries have seen major improvements in the three sectors and are closing the gap with the rest of the world.

These changes reflect real improvements in the lived experience for millions of people. For example, in the bottom 40 countries, the average percentage of people with access to basic sanitation services has risen from 30% to 38%; births attended by skilled staff have increased from 46% to 65%; and primary completion has improved from 50% to 60% of children.

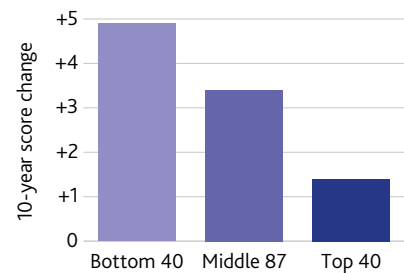
Health change, 2013–2023



Education change, 2013–2023



Living Conditions change, 2013–2023

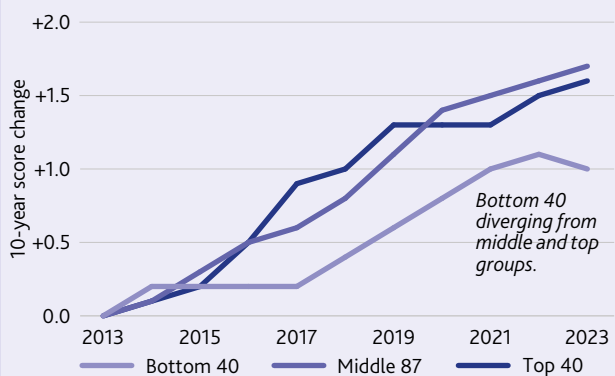


Measuring divergence

To analyse whether there was convergence or divergence in prosperity around the world we created three groups of countries based on their 2013 rankings: the bottom 40, top 40 and middle 87 countries (middle 87). We then calculated the average score for each group for prosperity, pillars, elements and indicators and examined where the bottom 40 were converging or diverging with the middle and the top over the last 10 years.

By diverging, we mean that the gap between the average score of the bottom 40 and the middle 87 or the top 40, is larger in 2023 than in 2013. As is shown in the graph, prosperity has grown in the bottom 40, but it has not grown more slowly than both the middle 87 and the top 40.*

Prosperity divergence, 2013–2023



* This can occur even where the bottom 40 improved. In other words, the bottom 40 can improve their score from 2013 to 2023, but still be further behind in 2023 than in 2013. This is the case with the overall Prosperity score from 2013–2023. Likewise, the bottom 40 might be declining but still converging if the middle 87 or top 40 are declining at a faster rate.

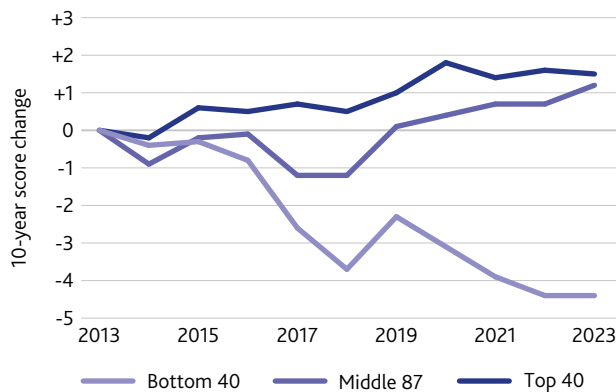


Credit: iStock

Divergence in institutions

However, these improvements are built on unsteady foundations. While the overall prosperity of the bottom 40 has improved somewhat, the countries have not improved as fast as the middle and the top groups. In other words, prosperity has diverged. The reasons for this divergence lie in structural factors, such as the institutional and economic pillars.

Safety and Security change, 2013–2023



The bottom 40 countries have seen an increase in violence, deteriorating institutions, and constrained freedoms. The deterioration in Safety and Security presents a particular concern. The bottom 40 group contains many countries that were already among the least stable places in the world, but they have seen increased civil conflict, terrorism, crime and politically related violence. For example, the average number of deaths from conflicts has tripled in the bottom 40 over the last decade. Afghanistan (161st in 2013) has seen the largest increase in the number of deaths from conflicts in the last decade, from 7,400 in 2011 to 35,800 in 2021.

With war reaching the doorstep of Europe, currently, there are 27 active conflicts in the world, 13 of which are happening in the bottom 40 countries.¹ South Sudan (166th in 2013) has experienced the greatest deterioration in War and Civil Conflict, amidst the civil war that has troubled the country since 2013. While a peace agreement was reached in 2018, fighting between communities and government human rights abuses persist.²

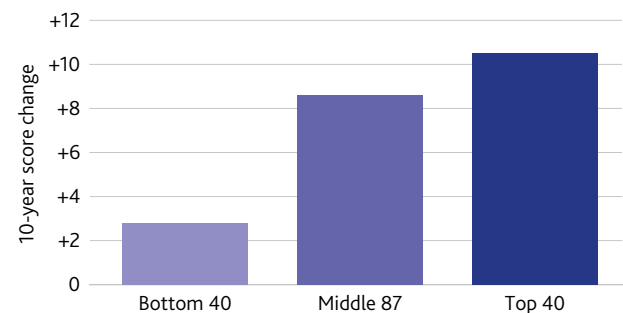
Additionally, many countries in the world have seen democratic backsliding, underpinned by a declining ac-

countability of governments and a crackdown on personal freedoms, particularly freedom of expression and freedom to associate (see page 54). The bottom 40 have also been affected by this trend, even if they were already among the least free nations before the decline.

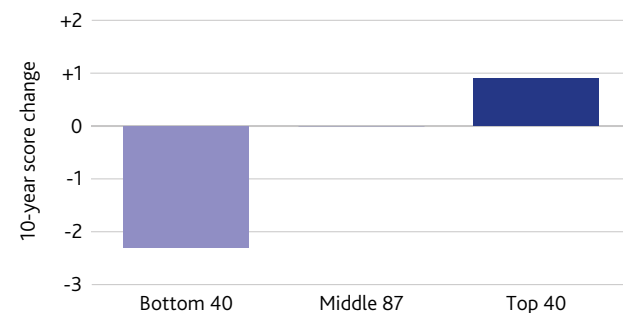
In both Rule of Law and Government Effectiveness the bottom 40 group has been diverging from the rest of the world. Even more concerning, these countries diverged in all elements of Personal Freedom in the last decade (see page 54). For example, in the bottom 40 group, Bangladesh saw a major deterioration in the Rule of Law over the last 10 years. Human rights organizations observe that in the country, the judiciary lacks independence from the executive branch of government, the press is censored, and freedoms are restricted.³ Law enforcement agencies have been named in serious human rights violations, including extrajudicial killings.⁴

Meanwhile, in the bottom 40, Social Capital has strengthened, though at a slower rate than the top and middle groups, with social tolerance and personal and family relations falling behind.

Social Tolerance change, 2013–2023



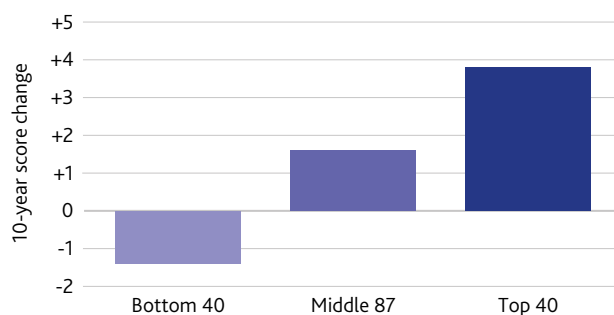
Personal and Family Relationships change, 2013–2023



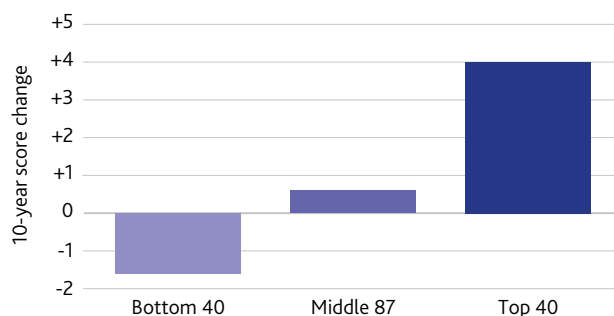
Economic divergence

Economic weakness has also been preventing the bottom 40 from achieving higher levels of prosperity. In Enterprise Conditions, the bottom 40 deteriorated due to an increasing burden of regulation and reduced labour market flexibility (see page 68). For example, Ethiopia experienced the largest deteriorations in labour market flexibility and the third largest increase in the burden of regulation in the last decade. In the country, 11 procedures are still needed to register a business.⁵ This stands in contrast to the clear trend in the rest of the world, where the burden of the regulations is easing, with only seven procedures on average needed to register a business today.⁶

Burden of Regulation change, 2013–2023

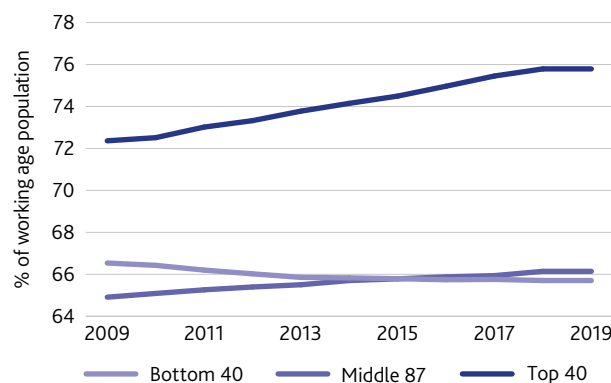


Labour Market Flexibility change, 2013–2023



In Economic Quality, both the bottom 40 and middle 87 have declined, while the group of the top countries is pulling away. The labour force trend is particularly noteworthy as there are fewer people in the workforce in the bottom 40 today than there were 10 years ago. For instance, Myanmar (149th in 2013) saw a continuous reduction of its labour force participation in the last three decades and has deteriorated the most in the bottom 40 group. In 2019, labour force participation in Myanmar stood at 64.5% of the working population, compared to a 66.4% world average.⁷

Labour force participation, 2009–2019



Thus, our findings indicate that the current focus on poverty reduction, rather than prosperity building, has not created the foundations needed to build prosperity. As political institutions are not improving at the same rate as Health, Education and Living Conditions, these fields are converging in unsustainable ways, blocking the pathway to true prosperity. Hence, the progress achieved in people’s lived experience is unsustainable without a reform in the institutions and economies.

The case of Mozambique

There are many countries in the bottom 40 group where the phenomenon of unsustainable development can be observed. One such example is Mozambique, even though it is far from unique.

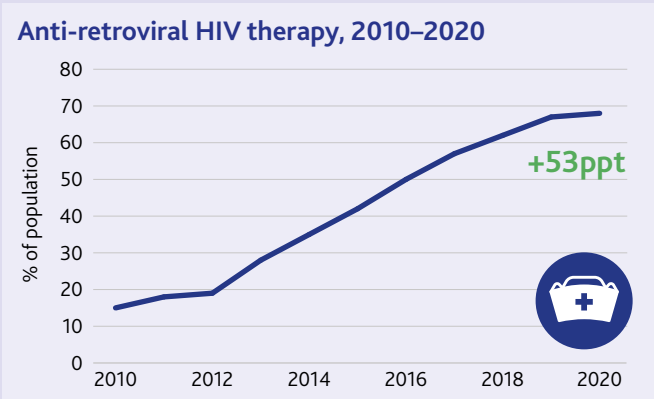
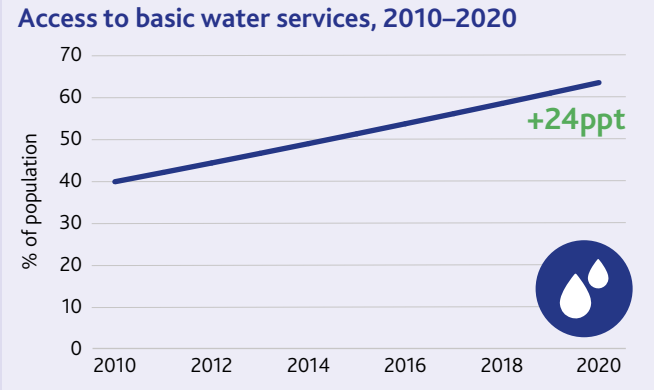
In the last 10 years, Mozambique has seen improvements across Health, Education, and Living Conditions. For example, access to basic services and the provision of basic health care has improved, leading to lowering mortality rates and increased life expectancy. Additionally, the country has made significant improvements in education, with the net primary school enrolment reaching practically universal levels (94% in 2018, compared to 89% in 2013).⁸

However, Mozambique’s strengthening in these areas, while important for people’s everyday lived experience,

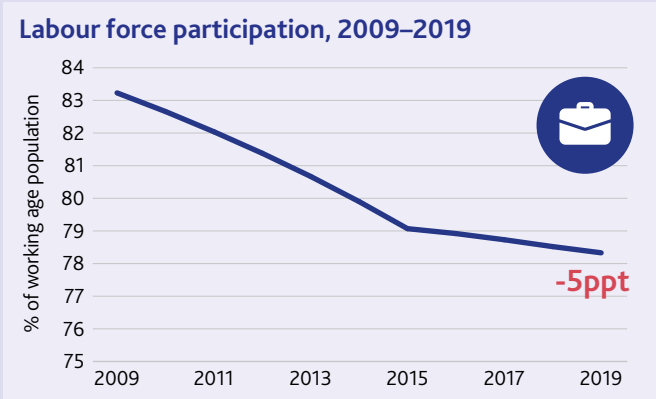
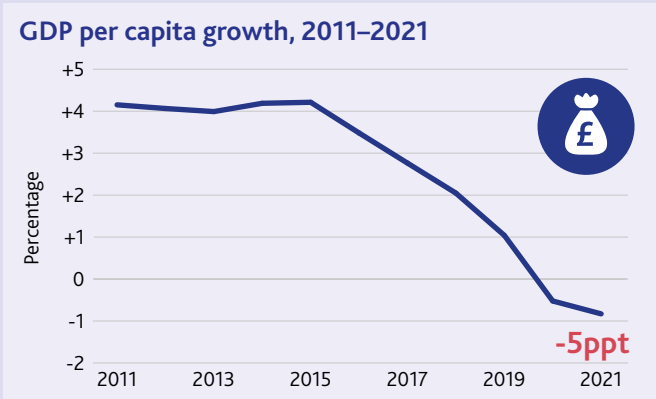
does not reflect wider prosperity improvement. This lack of overall progress can be explained by a deterioration in Safety and Security, Personal Freedom, and Governance.

In the last five years, issues relating to Safety and Security have been on the rise in Mozambique, primarily led by an increase in War and Civil Conflict and Terrorism. Since 2017 Cabo Delgado, the country’s northernmost province, has been the scene of a deadly insurrection.⁹ The armed group known as Al-Shabab, which is linked to the Islamic State, continues its fight against the government forces, while killing civilians, kidnapping women and children, as well as using boys as soldiers.¹⁰ Meanwhile, Human Rights Watch cites the abuses of the state security forces that include sexual exploitation of displaced women, and the unlawful use of force against civilians.¹¹

MOZAMBIQUE IMPROVEMENTS



MOZAMBIQUE DETERIORATIONS



Additionally, in the last decade, Mozambique experienced a deterioration in all elements of Governance, other than Institutional Trust. Executive Constraints, Political Accountability, Rule of Law, Government Integrity, and Government Effectiveness all declined in this period. That is not surprising, given that endemic corruption has plagued the country for years, with the political culture allowing criminal networks to evade the law and continue the conflict.¹² The prevalence of crime, such as heroin trade and ruby smuggling, has become entwined with the state, leaving it less trusted, and many frustrated.¹³ Additionally, in 2019 a corruption scandal emerged as Mozambican officials famously hid a \$2bn loan from citizens and international partners, with the scandal still tainting officials at the highest levels today.¹⁴ Therefore, the lack of effective governance has allowed the deterioration of safety and security to persist.

In fact, many of the Mozambican militants are motivated to continue the conflict by their sense of socio-economic exclusion.¹⁵ Despite the existence of major mineral and hydrocarbon resources, the country has seen a deterioration in all fundamental measures of Economic Quality: Fiscal Sustainability, Macroeconomic Stability, Productivity and Competitiveness, Dynamism, and Labour Force Engagement. In 2020 Mozambique saw its first economic contraction in almost three decades due to the Covid-19 pandemic.¹⁶

While Mozambique was known as one of the fastest-growing economies in Sub-Saharan Africa from 2000–2015, the World Bank points out that job creation, poverty reduction, and human capital accumulation were limited, with most of the substantial wealth generated benefiting limited sections of the economy.¹⁷ Hence, the prevailing narrative that focused on Mozambique’s peace dividends, economic growth, and the promise of the country’s extraordinary natural resources did not materialise.¹⁸ That explains why governance matters.

All these issues combine to taint the lived experience of most Mozambicans, despite the increase in the basic measurements of life quality. The improvements in Health, Education, and Living Conditions are not enough to bring prosperity to the country. The trajectory of core economic and governmental pillars, such as Economic Quality, Enterprise Conditions and Governance, needs to reverse course and begin to strengthen.

Mapping Regional Prosperity





Prosperity by region

The varying performance of the eight regions provides an illustration of how prosperity is developing in the world. The greatest risers are East Asia and the Pacific and Central and South Asia. In the case of East Asia and the Pacific, its rise is driven by growth in its economic pillars and in Living Conditions. For Central and South Asia, there have been major improvements in healthcare and reductions in poverty. Another example of a strong riser is Eastern Europe, with one of the greatest improvements in Social Capital in the world.

At the top of the Index, prosperity in Western Europe has improved slightly faster than in North America. In recent years North America fell from first place due to worsening Safety and Security.

There are many regions where prosperity growth has plateaued. Since 2013, the Middle East and North Africa has stagnated due to deteriorating Safety and Security and deteriorating Governance. Latin America and the Caribbean is the only region to have declined over 10 years. This is due to weakening economies and increasing authoritarianism and corruption.

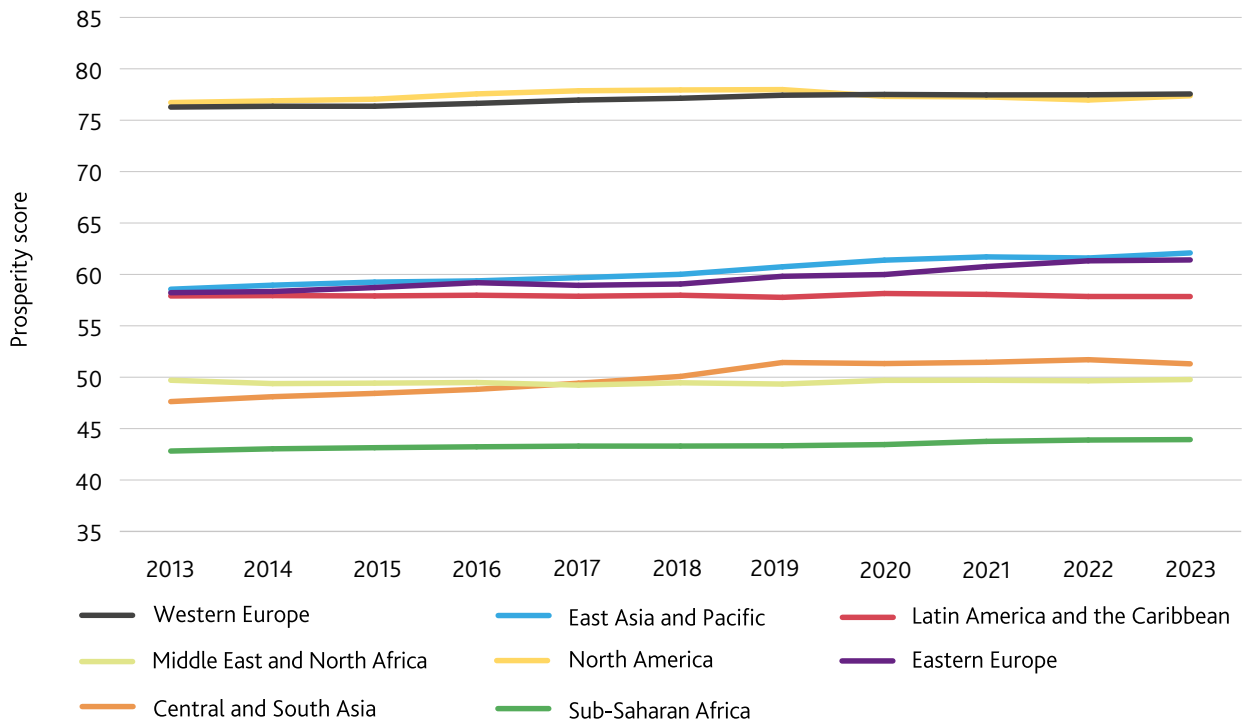
Sub-Saharan Africa, while improving, is further from the world average than it was 10 years ago. While it is making good progress in areas such as Living Conditions, Health, and Education, it is slower than other regions. Furthermore, it has seen little progress economically or in the development of its institutions.



	Overall Prosperity Ranking	Safety and Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Infrastructure and Market Access	Economic Quality	Living Conditions	Health	Education	Natural Environment
Western Europe	1	1	1	1	2	2	2	2	2	1	1	2	1
North America	2	2	2	2	1	1	1	1	1	2	3	1	2
East Asia and Pacific	3	3	7	3	3	3	3	3	3	4	2	4	5
Eastern Europe	4	4	4	5	5	4	5	4	4	3	5	3	4
Latin America and the Caribbean	5	5	3	6	4	6	6	5	5	5	4	5	3
Central and South Asia	6	6	6	4	7	5	4	7	6	7	7	7	8
Middle East and North Africa	7	7	8	8	8	7	7	6	7	6	6	6	7
Sub-Saharan Africa	8	8	5	7	6	8	8	8	8	8	8	8	6

The following pages explore in more detail how and why prosperity has been changing in each of these regions over the last decade.

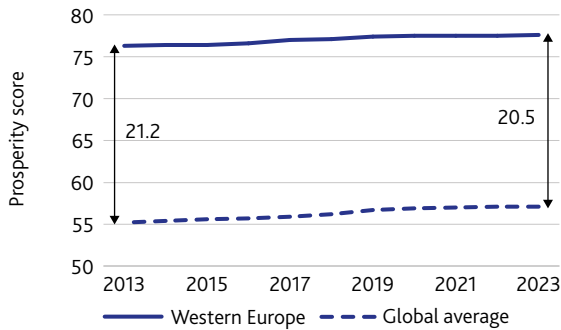
Prosperity by region, 2013–2023



Credit: Shutterstock

Western Europe (1st)

Western Europe
Global prosperity comparison, 2013–2023

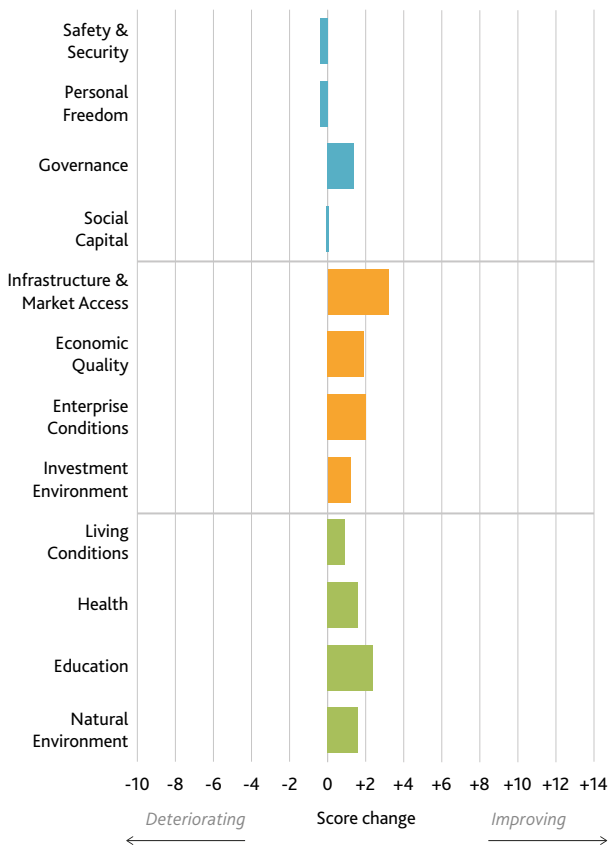


Country	Global rank
Denmark	1
Sweden	2
Norway	3
Finland	4
Switzerland	5
Netherlands	6
Luxembourg	7
Iceland	8
Germany	9
Ireland	11
United Kingdom	12
Austria	14
Belgium	18
France	23
Spain	24
Portugal	26
Malta	28
Italy	30
Cyprus	34
Greece	40

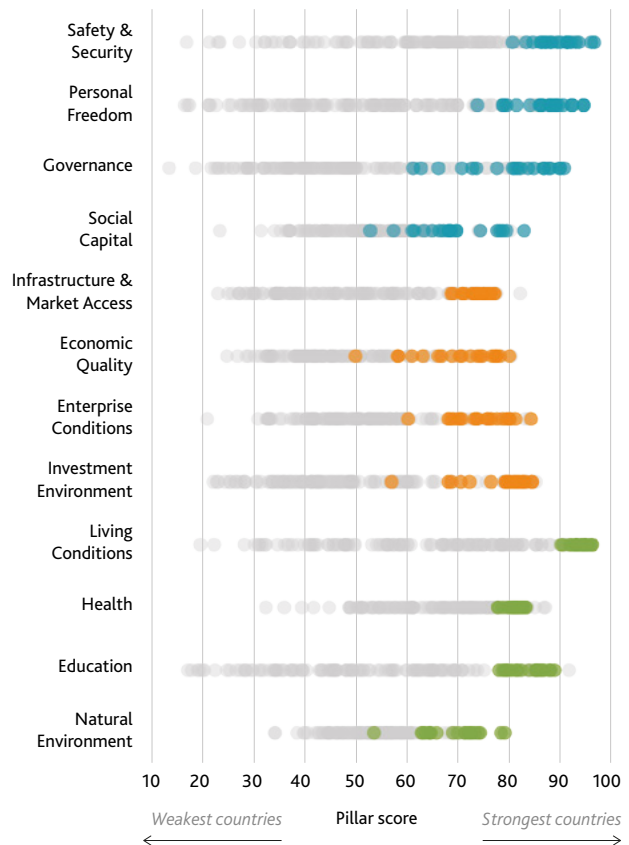
Overview

Western Europe is the most prosperous region in the world, containing 9 out of the top 10 countries, including the world’s most prosperous country, Denmark. Over 10 years, it has seen improvement in all but three pillars, with the greatest improvements coming in Infrastructure and Market Access, and Education, due in part to rising tertiary participation. Compared to North America, it has stronger institutions and empowered people, but is weaker across economic pillars, Social Capital and Education.

Western Europe
Pillar change, 2013–2023



Western Europe
Range of pillar scores by country, 2023



Netherlands (6th) has risen to have the highest Living Conditions in the world. Following high investment in sustainable public transport, well developed infrastructure means that the Netherlands is ranked 2nd globally for connectedness. With plans to build over 400,000 houses by 2030, new connections to improve 'reachability' are the main targets for future investment.¹⁹

Ireland (11th) has experienced the greatest improvement in Economic Quality in the world during its rebound from the eurozone crisis. Steady economic growth has seen living standards rise and the country increasingly prosper, moving up from 15th to 11th overall. It now ranks 2nd in macroeconomic stability and 3rd in GDP per capita growth, with the country continuing to be an attractive option for foreign direct investment.

Greece (40th) is the most improved country in the region over the past decade, but still the least prosperous. The crushing unemployment and sovereign debt that had caused significant socioeconomic turmoil has passed following a period of relative political stability and sustained austerity. Social Capital has risen 28 places to 101st, while Economic Quality has risen 54 places to 86th during this time.

France (23rd) has deteriorated at the greatest rate for Safety and Security in the region in the past decade, falling 16 places. Terrorism has been the leading cause, deteriorating 37 places to 127th and almost doubling in average incidents per year over 10 years. France has stepped up its counterterrorism strategy in light of the devastating Bataclan attacks by enhancing international cooperation and taking measures to prevent online radicalisation.

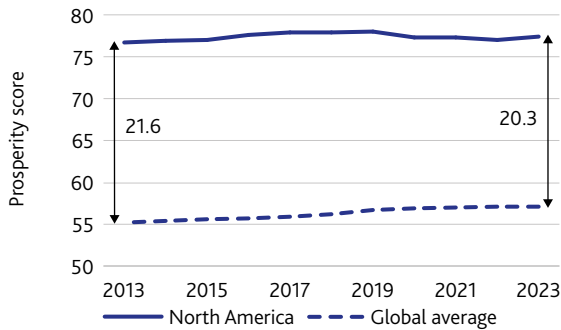
Austria (14th) is the only country in the region whose prosperity deteriorated in the past decade. Economic Quality declined in this period, with dynamism falling seven ranks and fiscal stability nine. Long-standing regulations have sheltered many service sectors from full competition and the low supply of risk capital constitutes a bottleneck for business dynamism. Despite this, Austria has begun to recover in these areas with deregulation and improved start-up financing. Austria remains in the top 25 for all 12 pillars.

Cyprus (34th) has experienced the largest regional improvement in Infrastructure and Market Access. Improving by 48 rankings in communications to 3rd place, the percentage of Cypriots regularly using the internet has risen from 53% to 90.8% in the past 10 years. Cyprus plans to become a regional hub for innovation, research and ICT.

North America (2nd)

North America

Global prosperity comparison, 2013–2023



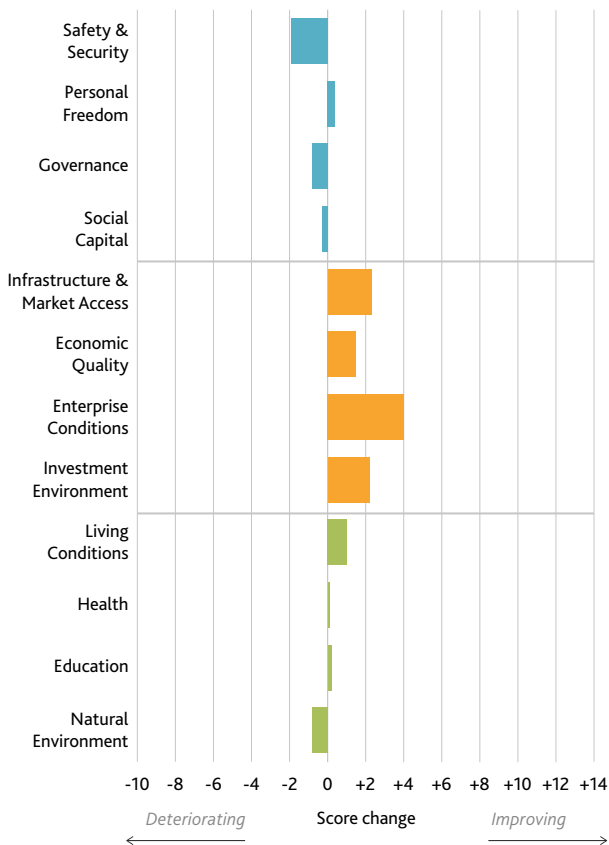
Country	Global rank
Canada	13
United States	19

Overview

North America’s primary strengths are economic. It leads the world in all four economic pillars, where it has also seen the most improvement. It also leads the world in Education and Social Capital. Its greatest deterioration has been in Safety and Security, primarily due to worsening violent crime and terrorism in the United States – for example, over the past 10 years the number of homicides have increased from 15,000 to 22,00 per year. The region’s worst performing pillar is Health.

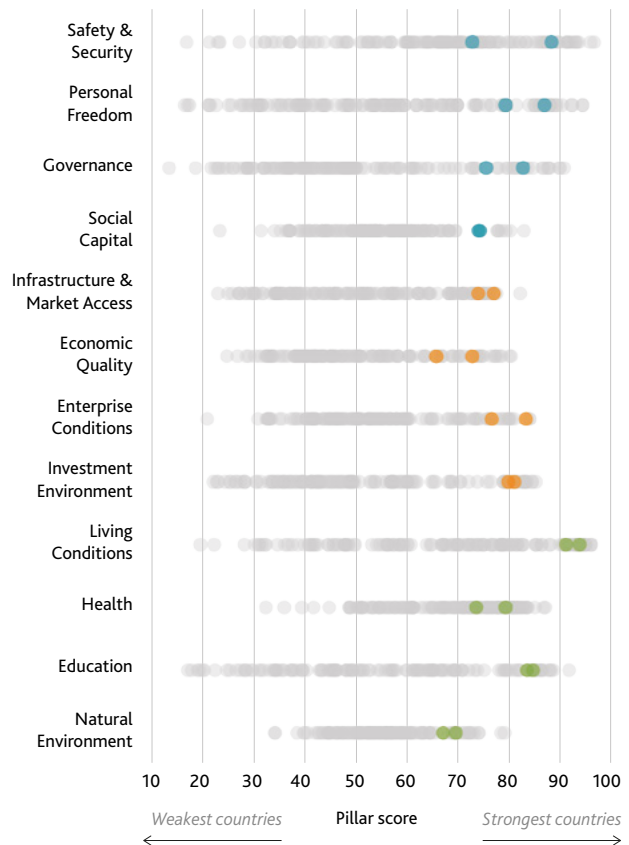
North America

Pillar change, 2013–2023



North America

Range of pillar scores by country, 2023





Canada (13th) has significantly improved in Infrastructure and Market Access, and particularly in trade openness, in the past decade. A series of new trade deals (CPTPP, CETA, CUSMA, etc.) have improved Canada's access to trade, making it the only G7 economy with comprehensive free trade access to the entire G7 and the EU. As a result, Canada's open market scale has improved from 120th to 15th since 2013.

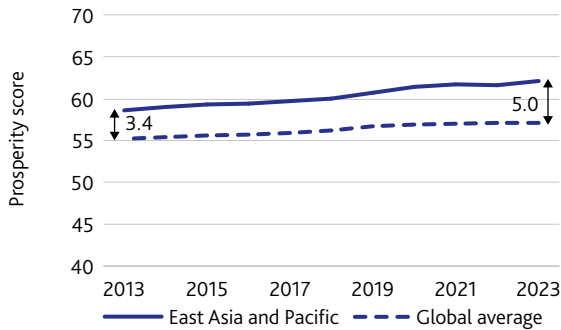
Canada's (13th) Health is one of its relative weaknesses, ranking 32nd globally. Much of this is driven by poor mental health and behavioural risk factors. Approximately 29% of the adult population is affected by obesity and it has one of the highest number of adults with substance abuse disorders. This ranks Canada 155th in behavioural risk factors, down 3 places from 2013. Canada's provinces have since stepped up efforts to provide more addiction clinics to the most affected areas.

The United States (19th) is ranked 3rd in the world for the education level of its adult population. The U.S. is a highly educated country, with 32% of the adult population having at least a bachelor's degree, as its world-renowned higher education and training have made the U.S. ranked 1st globally in adult skills and 20th overall for Education.²⁰

The United States (19th) has strong social capital, but that is also showing signs of strain. A significant 85% feel that the country is divided over values, and 88% of Americans say the U.S. is heading in the wrong direction. The breakdown in these networks between Americans can limit the effect of bridging capital when social and community networks span different groups in society.²¹

East Asia and Pacific (3rd)

East Asia and Pacific Global prosperity comparison, 2013–2023

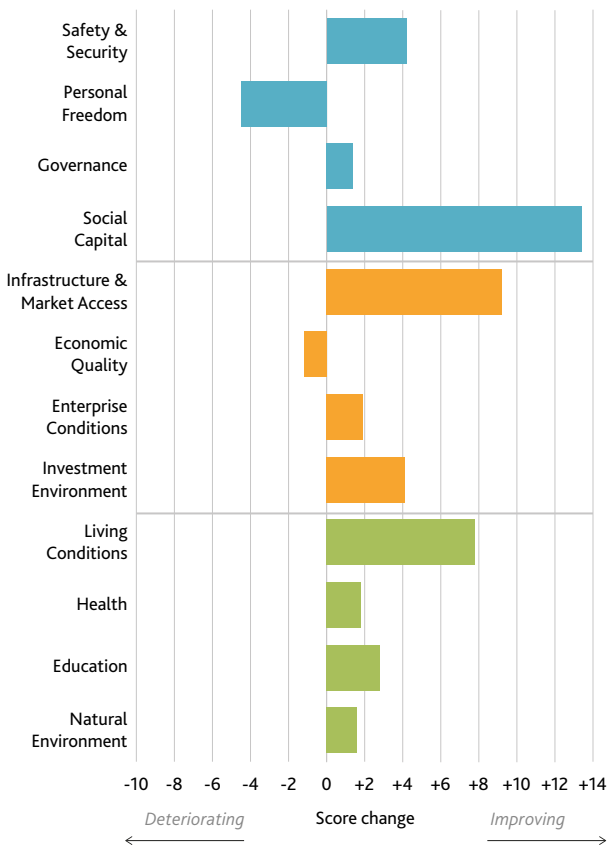


Country	Global rank
New Zealand	10
Australia	15
Japan	16
Singapore	17
Taiwan, China	20
Hong Kong	22
South Korea	29
Malaysia	43
China	54
Indonesia	63
Thailand	64
Vietnam	73
Philippines	84
Mongolia	88
Laos	115
Cambodia	118
Papua New Guinea	130
Myanmar	143

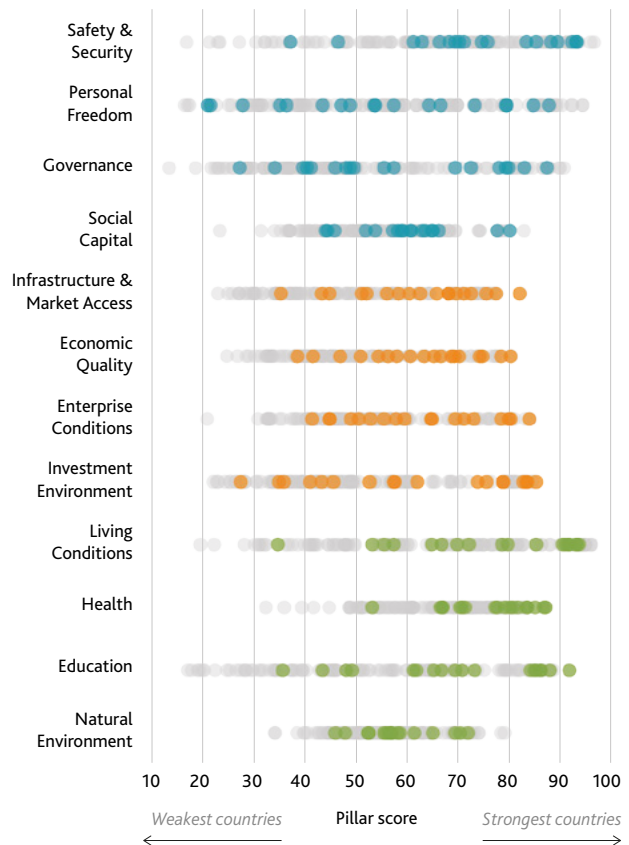
Overview

East Asia and Pacific’s prosperity has improved at the second fastest rate over the last 10 years, driven primarily by Social Capital, Infrastructure and Market Access, and Living Conditions. Its best performing pillar is Health, while it also performs well on economic measures. The region also has some strengths institutionally, with effective governments that ensure their countries are free of violence. However, its major weakness is Personal Freedom, which is both its worst performing pillar and where it has deteriorated the most in the last 10 years.

East Asia and Pacific Pillar change, 2013–2023



East Asia and Pacific Range of pillar scores by country, 2023



Myanmar (143rd) is the least prosperous country in East Asia and Pacific. The country possesses the 2nd worst rating for property rights and rule-based governance in the world, with citizens not holding absolute property rights and the state being the 'ultimate owner' of land. This, and poor contract enforcement, make Myanmar the weakest in the region for Investment Environment at 159th.

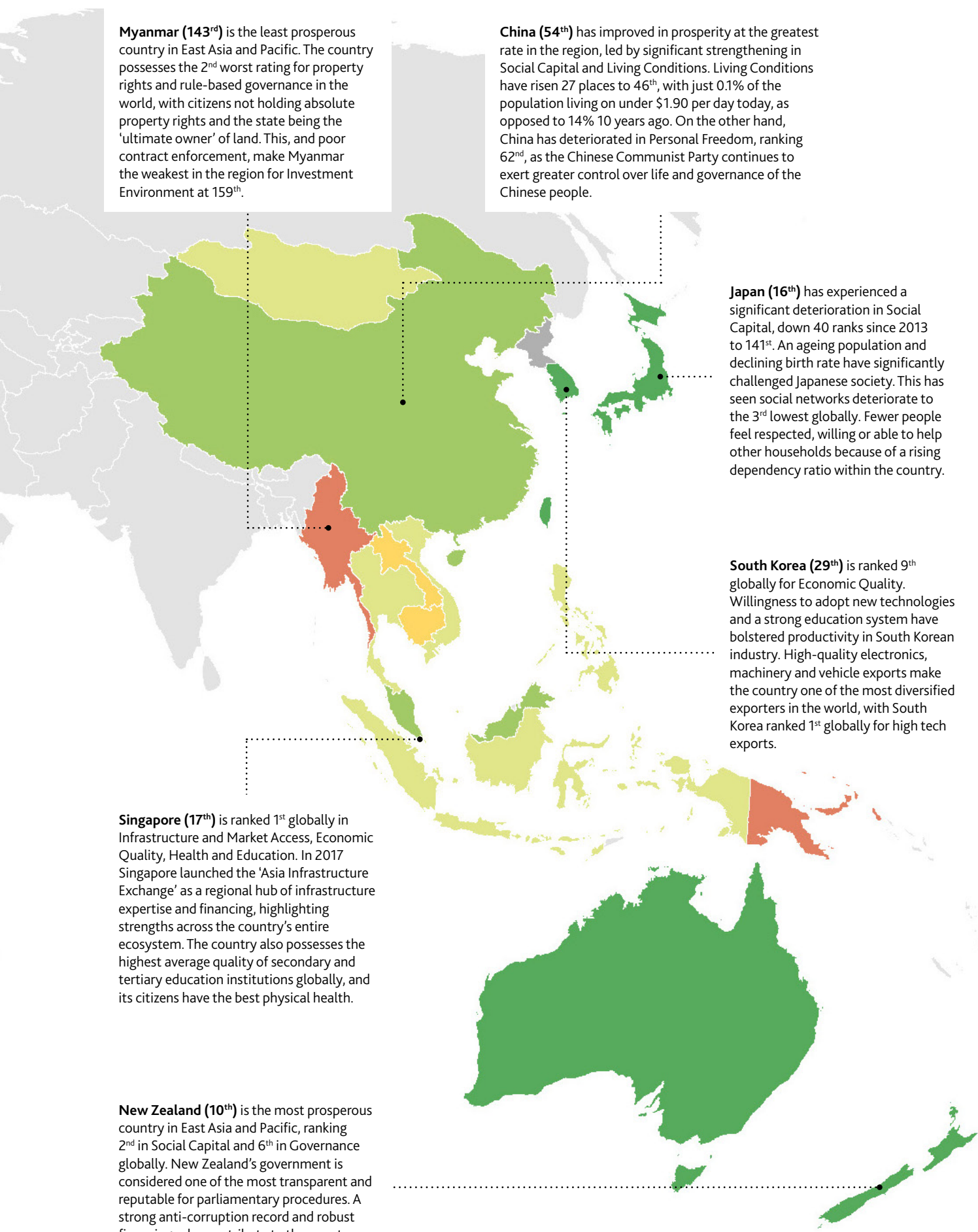
China (54th) has improved in prosperity at the greatest rate in the region, led by significant strengthening in Social Capital and Living Conditions. Living Conditions have risen 27 places to 46th, with just 0.1% of the population living on under \$1.90 per day today, as opposed to 14% 10 years ago. On the other hand, China has deteriorated in Personal Freedom, ranking 62nd, as the Chinese Communist Party continues to exert greater control over life and governance of the Chinese people.

Japan (16th) has experienced a significant deterioration in Social Capital, down 40 ranks since 2013 to 141st. An ageing population and declining birth rate have significantly challenged Japanese society. This has seen social networks deteriorate to the 3rd lowest globally. Fewer people feel respected, willing or able to help other households because of a rising dependency ratio within the country.

South Korea (29th) is ranked 9th globally for Economic Quality. Willingness to adopt new technologies and a strong education system have bolstered productivity in South Korean industry. High-quality electronics, machinery and vehicle exports make the country one of the most diversified exporters in the world, with South Korea ranked 1st globally for high tech exports.

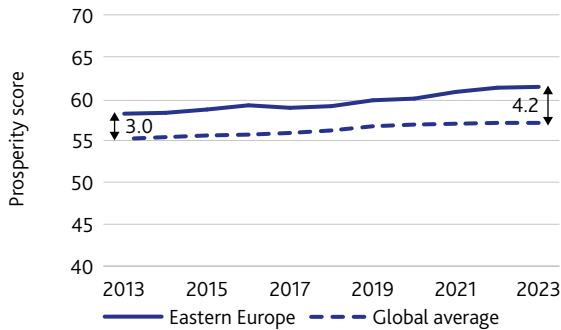
Singapore (17th) is ranked 1st globally in Infrastructure and Market Access, Economic Quality, Health and Education. In 2017 Singapore launched the 'Asia Infrastructure Exchange' as a regional hub of infrastructure expertise and financing, highlighting strengths across the country's entire ecosystem. The country also possesses the highest average quality of secondary and tertiary education institutions globally, and its citizens have the best physical health.

New Zealand (10th) is the most prosperous country in East Asia and Pacific, ranking 2nd in Social Capital and 6th in Governance globally. New Zealand's government is considered one of the most transparent and reputable for parliamentary procedures. A strong anti-corruption record and robust financing rules contribute to the country ranking 1st in the world for government integrity.



Eastern Europe (4th)

Eastern Europe Global Prosperity Comparison, 2013–2023

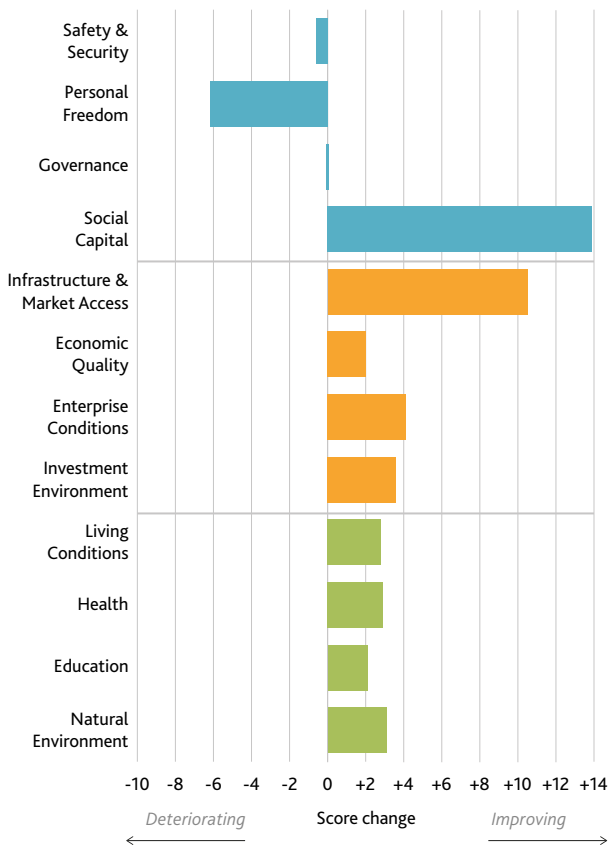


Country	Global rank
Estonia	21
Czechia	25
Slovenia	27
Latvia	31
Lithuania	32
Slovakia	35
Poland	37
Croatia	41
Hungary	42
Romania	45
Bulgaria	48
Montenegro	49
Serbia	52
Georgia	53
North Macedonia	55
Armenia	61
Albania	65
Moldova	70
Bosnia and Herzegovina	72
Ukraine	74
Russia	77
Belarus	78
Azerbaijan	92

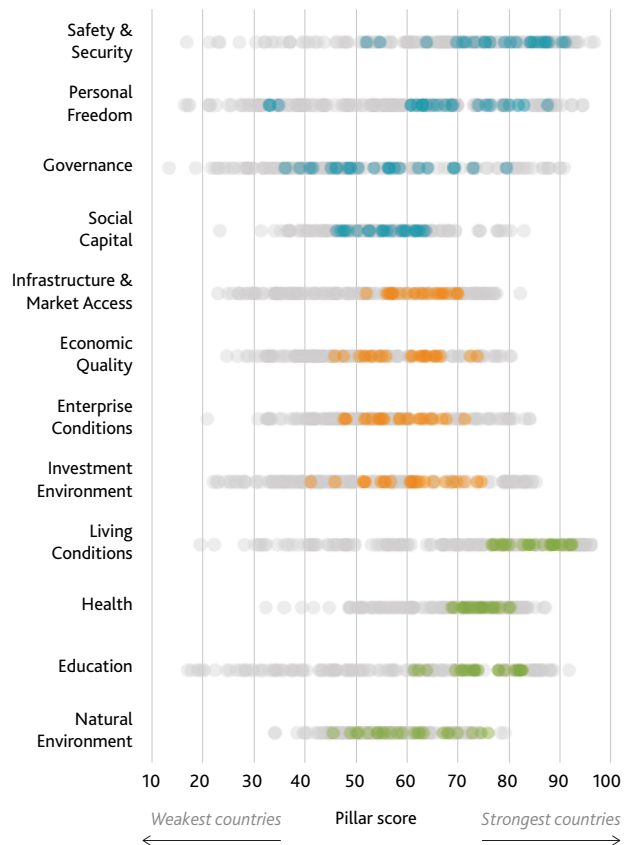
Overview

Eastern Europe’s strengths are in Living Conditions and Education. Its prosperity has risen at the third fastest rate over the last 10 years, with the largest improvements coming in Social Capital and Infrastructure and Market Access. For example, the percentage of people saying their city or region is a good place for ethnic minorities to live has risen from 41% to 74% over 10 years. Worryingly, like many other regions, it has seen a deterioration in Personal Freedom, with 14 out of 23 countries deteriorating.

Eastern Europe Pillar change, 2013–2023



Eastern Europe Range of pillar scores by country, 2023



Poland (37th) saw its executive constraints deteriorate at the greatest rate globally from 20th to 58th. Since the 2015 election, the government has enacted numerous measures damaging to Poland's democratic process. These include judicial reforms which allow the executive to select the supreme court chief and attempts to shut down independent media. Personal Freedom has fallen 32 places, with media censorship falling 108 ranks since 2013 and overall prosperity deteriorating three places to 37th since 2013.

Estonia (21st) is the most prosperous country in Eastern Europe. An effective policy response meant Estonia's pandemic-period contraction was one of the smallest in Europe, and GDP is comfortably above pre-pandemic levels. A strong digital services sector was able to operate with minimal disruption during lockdowns, helping to cushion the economic shock. Estonia ranks 14th in Economic Quality, increasing nine places from 2013.

Lithuania's (32nd) prosperity improved the most in the region during the previous decade. Increases in institutional trust, with substantial police force reforms since independence, led to an increase of public confidence in local police by 67 ranks. The Baltic country has risen from 159th in Social Capital 10 years ago to 129th today. However, voter participation remains among the worst in the EU, ranking 113th.

Hungary's (42nd) prosperity has improved at the lowest rate in the region. Since coming to power, the current government has pushed through reforms that allow it greater control over the country's institutions and judiciary while suppressing free speech. These changes have seen Governance deteriorate at the second-greatest rate regionally, from 59th to 92nd.

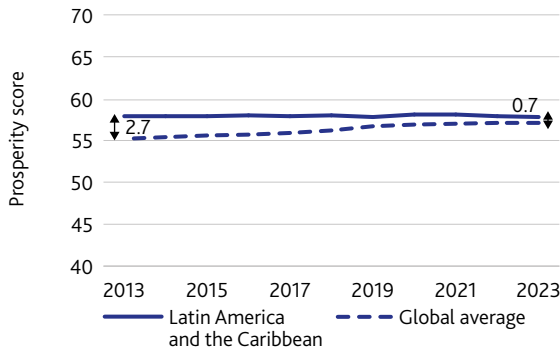
Azerbaijan (92nd) is the least prosperous country in the region, despite improving at the second greatest rate in Eastern Europe. Particularly, Enterprise Conditions climbed 31 places to 47th in the past decade. Measures taken by the Azerbaijani government included eliminating redundant licensing, simplifying customs procedures and tax reforms.

Slovakia (35th) is among the most improved countries in the world for Social Capital. Growth in interpersonal trust, social tolerance and social networks have driven a 73-rank improvement from 112th to 39th. 92% of Slovaks feel they are generally treated with respect.



Latin America and the Caribbean (5th)

Latin America and the Caribbean Global prosperity comparison, 2013–2023

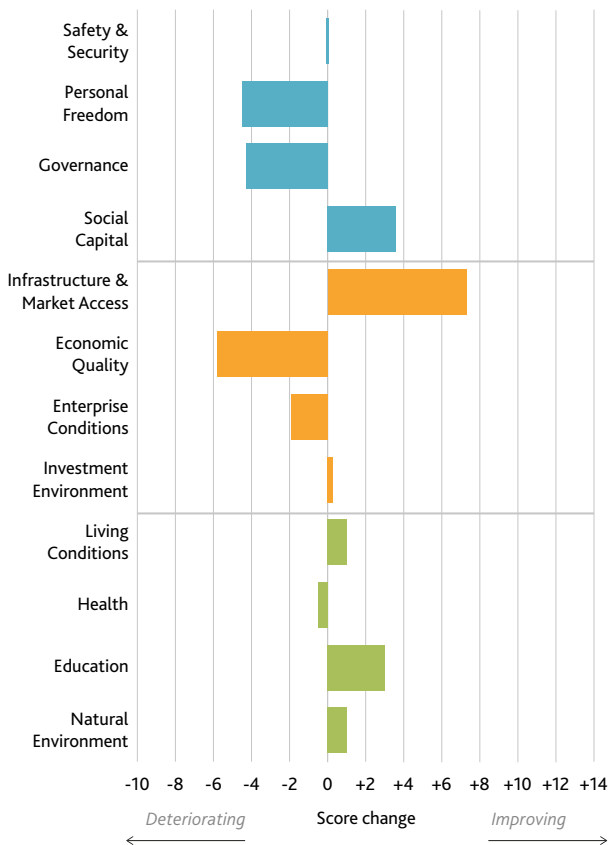


Country	Global rank
Chile	36
Uruguay	38
Costa Rica	39
Panama	50
Trinidad and Tobago	56
Jamaica	57
Argentina	58
Peru	59
Brazil	66
Dominican Republic	68
Mexico	71
Paraguay	76
Colombia	81
Suriname	82
Ecuador	85
Guyana	89
Belize	93
El Salvador	97
Guatemala	101
Cuba	104
Honduras	105
Bolivia	106
Nicaragua	114
Venezuela	145
Haiti	156

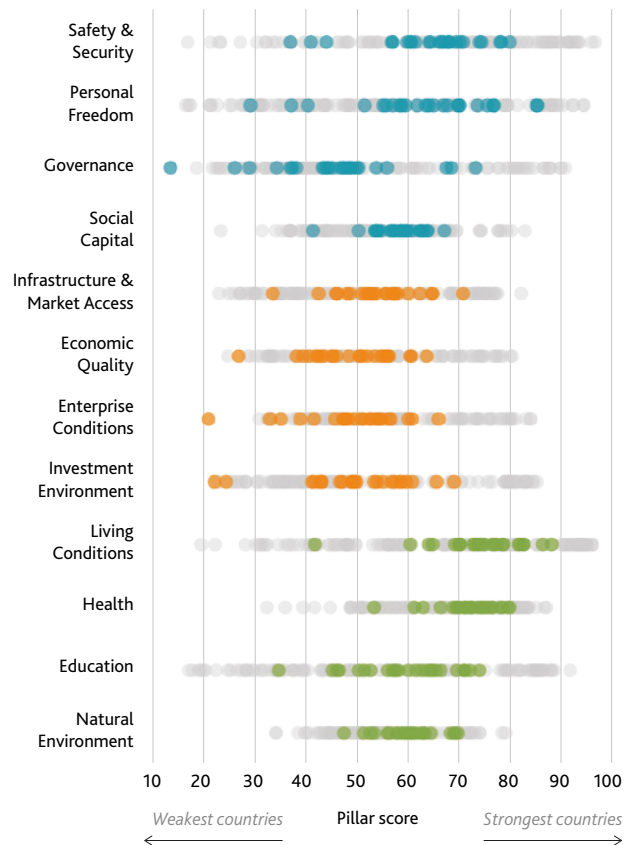
Overview

Latin America and the Caribbean is the only region whose prosperity has deteriorated over the last 10 years. Governments are becoming increasingly authoritarian, leading to the deterioration in personal freedom and worsening governance, consequently becoming less effective and more corrupt. There is also deteriorating Economic Quality, with rising government debt, low growth, and rising unemployment. It has some strengths in Personal Freedom and Natural Environment and it has seen improvements in Infrastructure and Market Access, Education, and Social Capital.

Latin America and the Caribbean Pillar change, 2013–2023



Latin America and the Caribbean Range of pillar scores by country, 2023



Haiti (156th) is the least prosperous country in the region and ranks lowest in the region for Living Conditions. Foreign intervention and debt, political instability and natural disasters have hindered Haiti's development, with 86% of the population living on less than \$5.50 a day. Haiti is ranked 141st for poverty.

Dominican Republic (68th) has improved in prosperity by the greatest rate of any country in the region. Political terror has decreased in the country, although extrajudicial killings continue to be reported, with at least 41 last year. A special commission for police reform has been created.

Colombia (81st) has the lowest ranking for Safety and Security in the region at 156th. High rates of violent crime from drug trafficking gangs continue to plague the country, ranking 157th for the business costs of organised crime. 25% of Colombians have been victims of theft in the past 12 months.

Peru (59th) has experienced a tumultuous election, a failed coup and extreme political polarisation in recent years. This series of crises and divisive politics have limited the capacity of successive governments and undermined the possibility of creating a strong state and civil service. Government Effectiveness has fallen 13 places to 76th in the past decade and institutional trust is among the lowest in the world at 162nd.

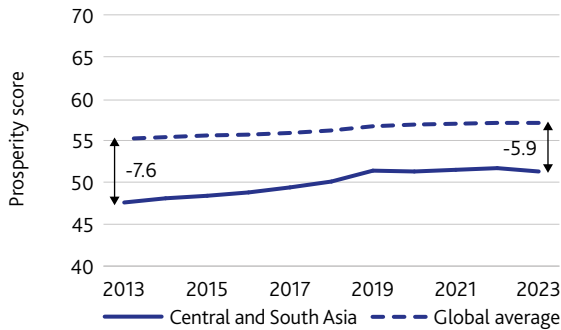
Chile (36th) is the most prosperous country in the region, notwithstanding its political challenges, and it is the regional leader in Infrastructure and Market Access. Low protectionism and 31 trade agreements, which cover 88% of the world's GDP, lead Chile to being ranked 1st globally for open market scale. 92.5% of its \$68.3B imports are free from tariff duties, helping Chile place as a world leader for the liberalisation of foreign trade.²²

Brazil (66th) has deteriorated in Governance by 30 places, the most of any country in the region. This has seen anti-corruption policy falling 10 places to 46th since 2013 and the measure of government officials being sanctioned deteriorating from 119th to 154th in the same period. Institutional trust has also deteriorated by 30 rankings, manifesting in a controversial election and post-electoral violence.



Central and South Asia (6th)

Central and South Asia
Global prosperity comparison, 2013–2023

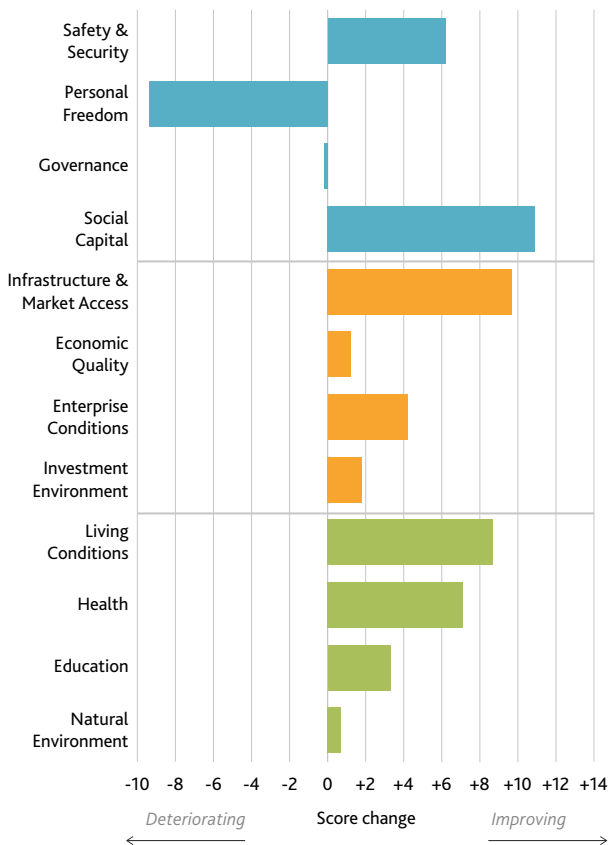


Country	Global rank
Kazakhstan	69
Sri Lanka	91
Kyrgyzstan	94
Uzbekistan	100
India	103
Turkmenistan	107
Nepal	110
Tajikistan	113
Bangladesh	124
Pakistan	136
Afghanistan	164

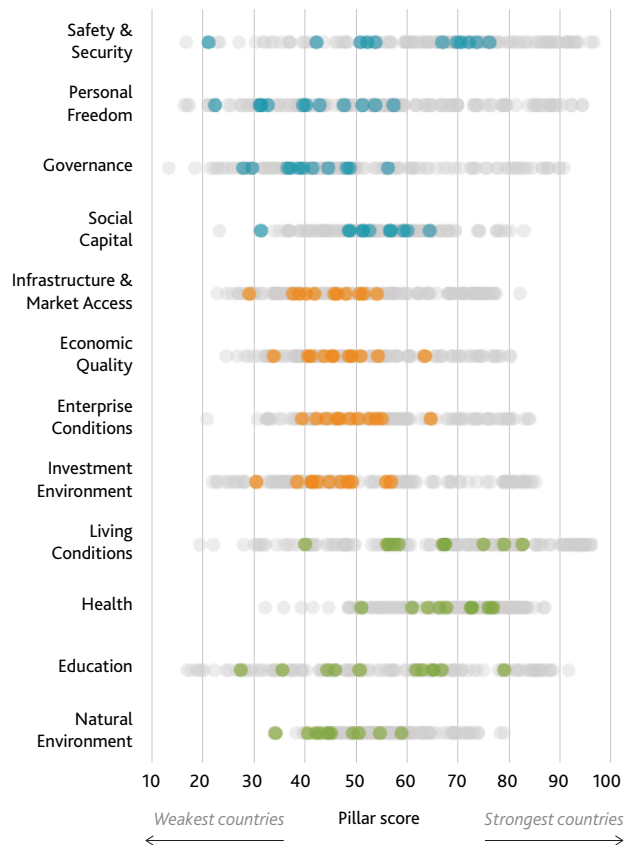
Overview

Central and South Asia's prosperity has improved faster than any other region. Notably, the region has seen improved healthcare and major reductions in poverty – for example, the percentage of the population living on less than \$1.90 per day dropped from 29% to 11% over 10 years. Its weakest pillar is Natural Environment, due in part to high exposure to air pollution, where 80% of the population is exposed to pollution above the WHO guidelines. It has also seen the worst deterioration in Personal Freedom out of any region.

Central and South Asia
Pillar change, 2013–2023



Central and South Asia
Range of pillar scores by country, 2023



Kazakhstan (69th) is the most prosperous country in the region. It performs best in Education, where it ranks 1st in the region and is a leading country globally for secondary school enrolment at 99.8%. Additionally, pre-primary enrolment improved from 49% to 74% and 98th to 72nd place over the last decade, despite not being mandatory.

India (103rd) has the best Enterprise Conditions in the region by far, ranking 39th globally. This was achieved through a significant reduction in the burden of regulation, moving the country from 121st to 41st in the past 10 years, mainly through the removal of excessive licensing from previous regimes. In 2015, the ban on provisions designed to protect indigenous manufacturers from unequal industry competition was lifted.

Uzbekistan (100th) is 2nd in the region for Health. Led by strong physical and mental health, the country ranks 3rd in the world for emotional wellbeing, having 84% of the population feeling well-rested. This has been achieved with a long-term public priority of integrating mental health into primary care.

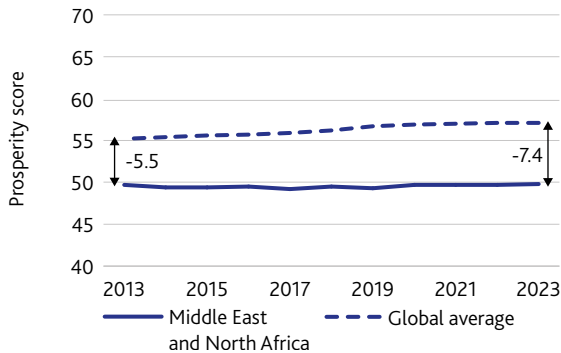
Afghanistan (164th) is the least prosperous country in the region, and the only one whose prosperity has deteriorated in the past decade. It has deteriorated most in Personal Freedom, particularly in freedom of assembly and association, which has fallen 24 places to 133rd, with reports of the Taliban forcibly dispersing peaceful protests. Consequently, Afghanistan is one of the lowest-ranked countries for Personal Freedom globally at 148th.

Pakistan (136th) has had the second-lowest Natural Environment ranking globally for the past decade and the lowest for the region. A major contributor to this is the poor air quality, with 70% of the population exposed to an excess of fine particulate matter. Pakistan is often considered the most polluted country in the world.

Sri Lanka (91st) has improved its Safety and Security more than any other country in the last 10 years, following the end of its civil war. Deaths caused by terrorism have fallen by 87%, lifting Sri Lanka up 27 places from the lowest-ranked country for terrorism. Recovery from the civil war has seen a natural decrease in incidents, and new regulations issued under the Prevention of Terrorism act have reinforced this trend.

Middle East and North Africa (7th)

Middle East and North Africa Global prosperity comparison, 2013–2023

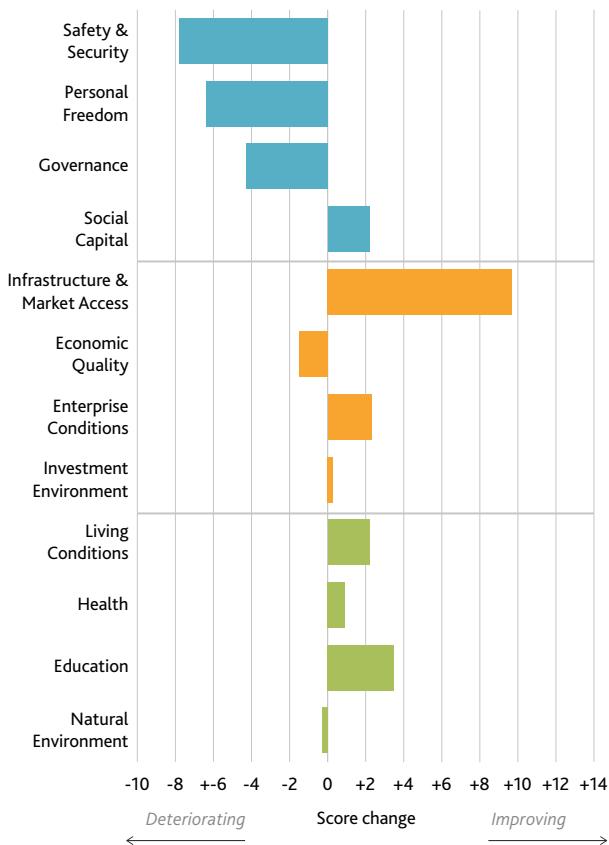


Country	Global rank
Israel	33
United Arab Emirates	44
Qatar	46
Kuwait	60
Bahrain	62
Oman	67
Saudi Arabia	79
Jordan	86
Turkey	95
Morocco	96
Tunisia	99
Algeria	109
Lebanon	112
Egypt	121
Iran	126
Iraq	140
Libya	146
Syria	159
Yemen	166

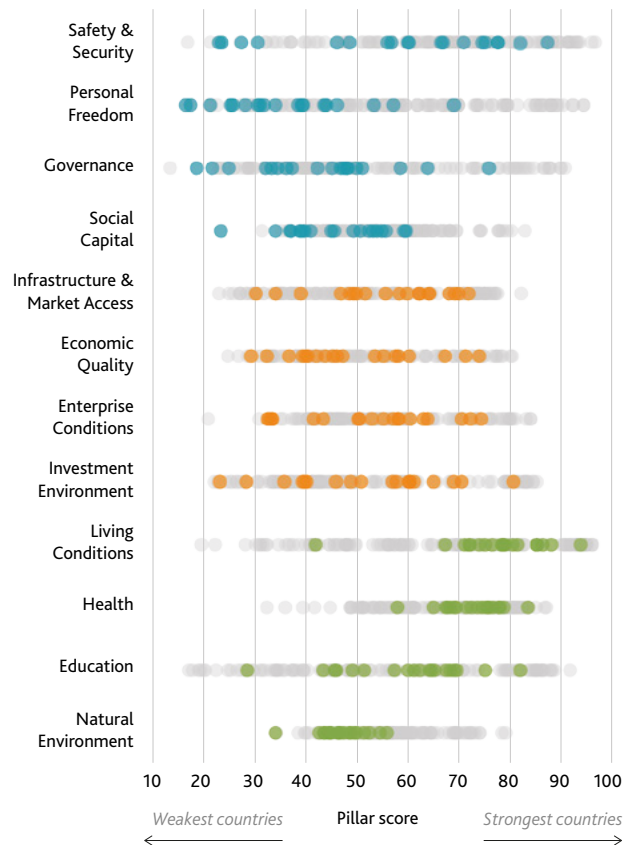
Overview

The Middle East and North Africa's primary weaknesses are institutional. It has deteriorated the most in Safety and Security, Personal Freedom and Governance, and it also ranks last or second to last for each of these pillars. The region has seen rising terrorism and conflict, more repression on freedom of speech and association, and worsening political accountability and executive constraints. As a result, the region has fallen further behind the rest of the world. It has, however, seen some improvement in Education through better adult skills and pre-primary education, and Living Conditions due to better connectedness and protection from harm, as well as Market Access and Infrastructure.

Middle East and North Africa Pillar change, 2013–2023



Middle East and North Africa Range of pillar scores by country, 2023



Libya (146th) has seen prosperity deteriorate in the past decade amidst the ongoing crisis, falling 20 places. Regular expropriation of land and premises resulted in Libyan property rights deteriorating at the greatest rate globally. This, and poor investor protection, are major contributors to Libya's Investment Environment ranking 157th.

Egypt (121st) has seen Enterprise Conditions improve at the second greatest rate while Personal Freedom deteriorated at the second greatest rate regionally in the past decade. New legislation including tax reforms, a more flexible exchange rate regime and safeguards to enhance investor confidence, have seen Enterprise Conditions rise from 131st to 62nd. Simultaneously, Personal Freedom has fallen from 142nd to 160th due to declining press freedom and reduced freedom of assembly.

Syria (159th) saw its prosperity deteriorate at the greatest rate in the region and second greatest globally for the past 10 years. Safety and Security deteriorated the most, with the highest rate of conflict deaths in the world: 300,000 civilian deaths in the last 10 years. Syria also has the greatest number of refugees living outside of their country of origin globally, with roughly 37% of the population externally displaced.²⁵

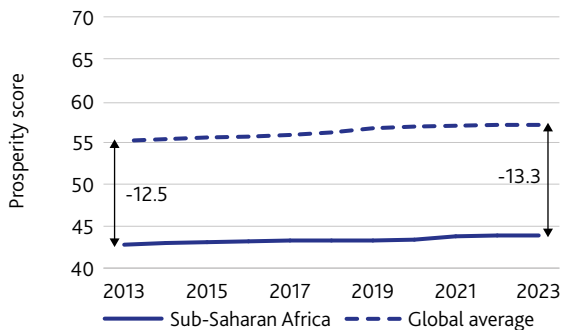
Algeria's (109th) prosperity has improved the most of any country in MENA in the previous decade, rising 6 places. Algeria improved in communications infrastructure, with \$3.7 billion in government spending, including four new fibre optic submarine cables connecting to Europe and high-quality mobile networks, leading to a nine-rank improvement in Communications in the past decade.²⁴

Israel (33rd) is the most prosperous country in the MENA region. The country's Investment Environment is a particular strength, ranking 15th globally, and making Israel a world leader in venture capital availability with \$28,000 in venture capital invested per capita. The governmental 'Yozma' programme of matching outside venture capital investment has developed the thriving start-up culture of Tel Aviv.²³

Yemen (166th) is the least prosperous country in the MENA region. The protracted conflict is hugely damaging to the struggling economy, threatening the government's ability to sustain essential services. 42.8% of the population are undernourished and more than 7 million are at risk of famine, placing Yemen 165th for Nutrition globally.

Sub-Saharan Africa (8th)

Sub-Saharan Africa Global prosperity comparison, 2013–2023

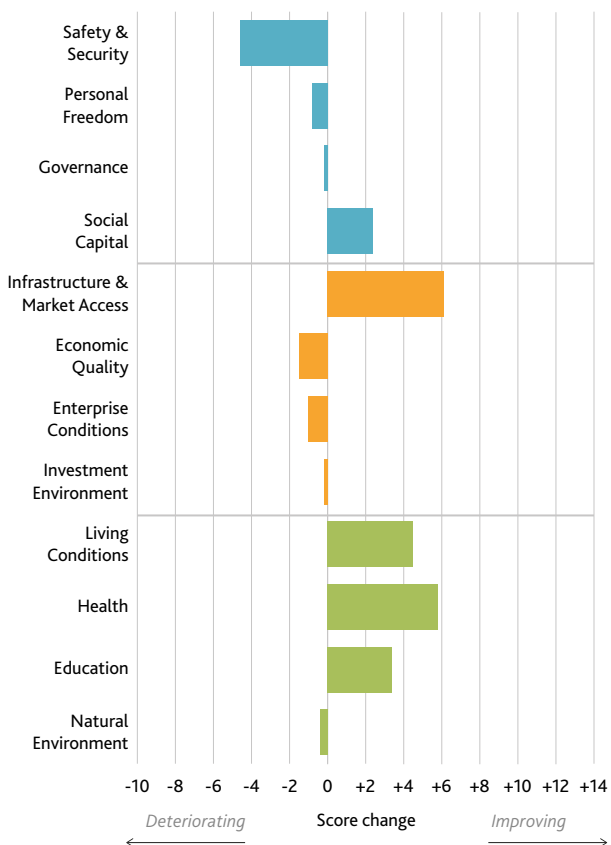


Overview

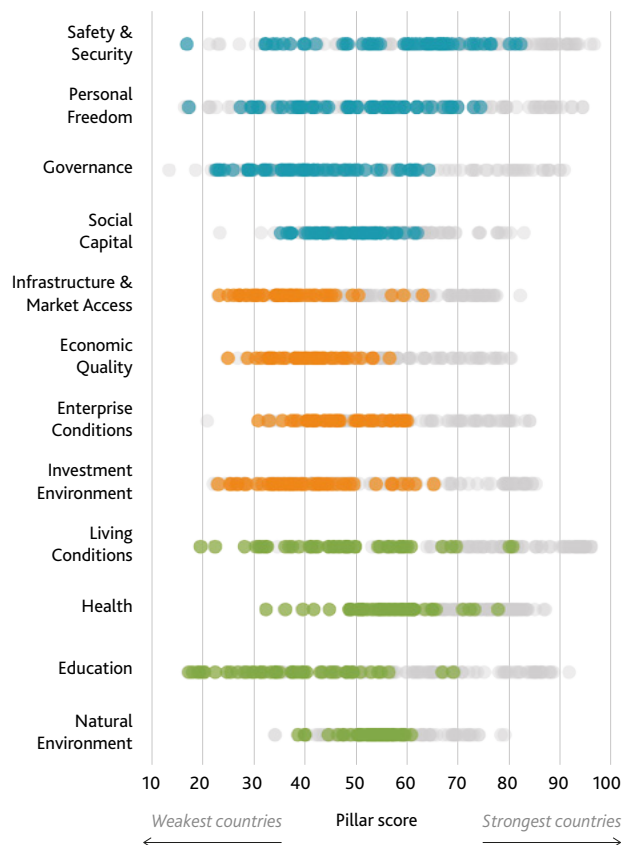
Sub-Saharan Africa's improving prosperity has been driven primarily by better living conditions, better healthcare, and more access to education. However, while improving, it is further behind the rest of the world. Its most prominent deterioration is Safety and Security, due to a rise in terrorism and civil conflict. It remains the worst performing region in 8 out of 12 pillars, and 30 countries in the bottom 40 in the world are from this region. Its strongest pillars are Personal Freedom and Social Capital, where it has seen improving interpersonal trust, and civic and social participation.

Country	Global rank	Country	Global rank
Mauritius	47	Burkina Faso	135
Seychelles	51	Madagascar	137
South Africa	75	Liberia	138
Cabo Verde	80	Zimbabwe	139
Botswana	83	Guinea	141
São Tomé and Príncipe	87	Nigeria	142
Namibia	90	Sierra Leone	144
Ghana	98	Cameroon	147
Senegal	102	Congo	148
Kenya	108	Guinea-Bissau	149
Rwanda	111	Mozambique	150
The Gambia	116	Mali	151
Tanzania	117	Niger	152
Gabon	119	Ethiopia	153
Côte d'Ivoire	120	Mauritania	154
Djibouti	122	Angola	155
Benin	123	Burundi	157
Malawi	125	Sudan	158
Zambia	127	Eritrea	160
Comoros	128	Dem. Rep. of Congo	161
Uganda	129	Chad	162
Equatorial Guinea	131	Somalia	163
Lesotho	132	Central African Republic	165
Togo	133	South Sudan	167
Eswatini	134		

Sub-Saharan Africa Pillar change, 2013–2023



Sub-Saharan Africa Range of pillar scores by country, 2023



Côte d'Ivoire (120th) has seen its prosperity improve more than any other nation in the past decade. The country's Governance improved at the highest rate globally in this period. Experiencing a 47-rank improvement, a policy of reconciliation has been maintained by the current administration following the armed conflict that lasted until 2011. This has seen government effectiveness rise 101 places from 165th to 64th in the world.

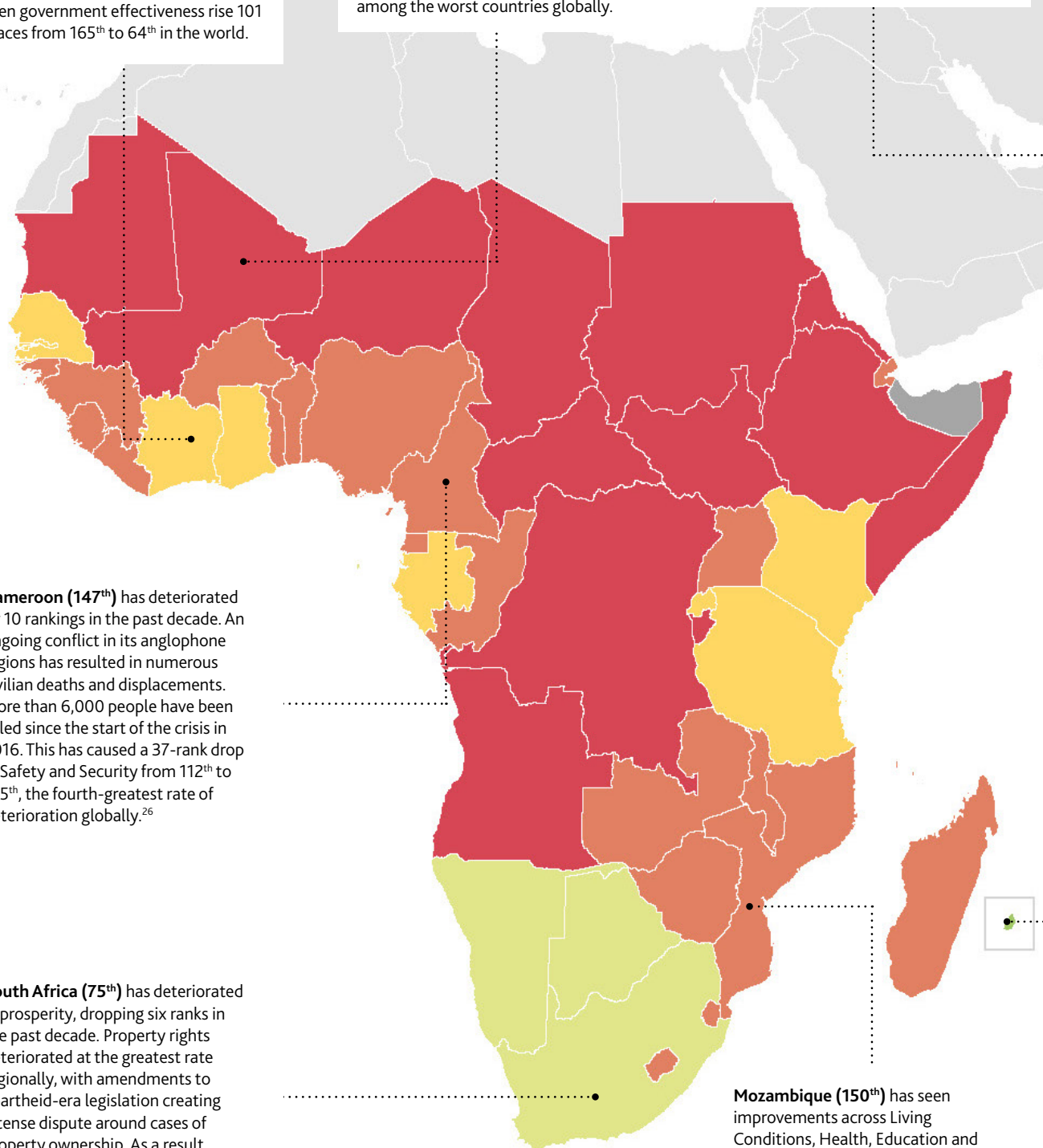
Mali (151st) saw its prosperity deteriorate at the greatest rate in the region for the past 10 years. Led by a decline in Safety and Security following political instability and a decade-long conflict, Mali suffered from 326 terrorism-related injuries in 2020, which increased from 0 in 2010. Mali's ranking for Safety and Security fell 91 places to 158th, placing the country among the worst countries globally.

Mauritius (47th) is the most prosperous country in Sub-Saharan Africa, as well as the only country in the region that is in the top 50 globally. Strong in Education, it has a 99.6% primary school completion rate, the highest in the region. Secondary school enrolment has also improved, and it is now the best performing country in the region.

Cameroon (147th) has deteriorated by 10 rankings in the past decade. An ongoing conflict in its anglophone regions has resulted in numerous civilian deaths and displacements. More than 6,000 people have been killed since the start of the crisis in 2016. This has caused a 37-rank drop in Safety and Security from 112th to 155th, the fourth-greatest rate of deterioration globally.²⁶

South Africa (75th) has deteriorated in prosperity, dropping six ranks in the past decade. Property rights deteriorated at the greatest rate regionally, with amendments to apartheid-era legislation creating intense dispute around cases of property ownership. As a result, Investment Environment has seen an overall deterioration, falling from the highest ranking in the region.

Mozambique (150th) has seen improvements across Living Conditions, Health, Education and is now ranked first in the region for Natural Environment. This has been driven by an increase in preservation efforts. Many of these improvements have been driven by international funding. However, Mozambique has a weak economy, with declining GDP per capita growth and an increase in violence.



Pillar Profiles







Inclusive Societies

Inclusive Societies are an essential requirement for prosperity, where social and legal institutions protect the fundamental freedoms of individuals, and their ability to flourish. This domain explores the relationship structures that exist within a society, and the degree to which they either enable or obstruct societal cohesion and collective development.

Areas within this domain range from the relationship of citizen and state, to the degree to which violence permeates societal norms, to the interaction of freedoms of different groups and individuals, to the way in which individuals interact with one another, their communities, institutions, and nations. These issues have been both a practical consideration for the majority of modern human experience, as well as a subject of academic study.

We examine the fundamental aspects of inclusive societies across four pillars, each with component elements.

Safety and Security measures the degree to which individuals and communities are free from war and civil conflict, terrorism, political terror and violence, violent crime, and property crime. The lives of individuals, their freedoms, and the security of their property are at risk in a society where these activities are present, both through their current prevalence, and long-lasting effects. In short, a nation, community, or society can prosper only in an environment of security and safety for its citizens.

Personal Freedom measures basic legal rights (agency), individual liberties (freedom of assembly and association, freedom of speech and access to information), and

the absence of legal discrimination. Societies that foster strong civil rights and freedoms have been shown to enjoy increased levels of satisfaction among their citizens. Furthermore, a country benefits from higher levels of national income when its citizens' personal liberties are protected and when it is welcoming of the social diversity that stimulates innovation.

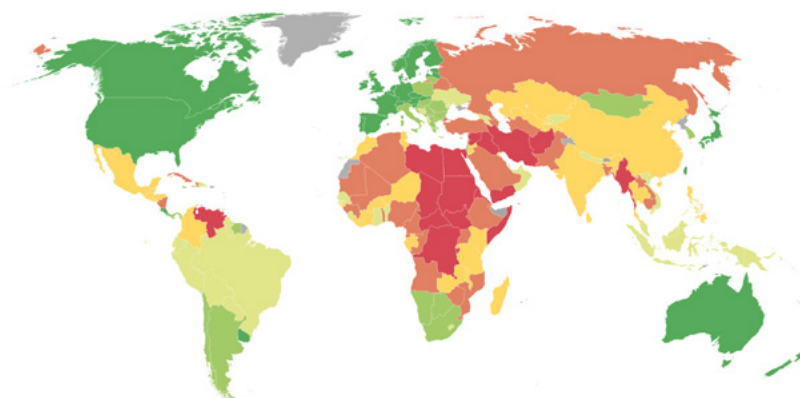
Governance measures the extent to which there are checks and restraints on power, whether governments operate effectively and without corruption, and the degree of trust in institutions. The nature of a country's governance has a material impact on its prosperity. The rule of law, strong institutions, and regulatory quality contribute significantly to economic growth, as do competent governments that enact policy efficiently and design regulations that deliver policy objectives without being overly burdensome. Furthermore, societies with lower levels of trust tend to experience lower levels of economic growth.

Social Capital measures the personal and family relationships, social networks, how people respect and engage with one another (civic and social participation), and the degree of social tolerance experienced in a society, all of which have a direct effect on the prosperity of a country. A person's wellbeing is best provided for in a society where people trust one another and have the support of their friends and family. Thus, the word "capital" in "social capital" highlights the contribution of social networks as an asset that produces economic returns and improves wellbeing.

Inclusive Societies, 2022

Strongest

- 1 Denmark
- 2 Norway
- 3 Finland
- 4 Sweden
- 5 Netherlands
- 6 Iceland
- 7 Switzerland
- 8 New Zealand
- 9 Luxembourg
- 10 Australia



Rank 1-30 ■ 31-60 ■ 61-90 ■ 91-120 ■ 121-150 ■ 151-167 ■

Weakest

- 158 Egypt
- 159 Dem Rep. of Congo
- 160 Central African Republic
- 161 Somalia
- 162 Sudan
- 163 Eritrea
- 164 Afghanistan
- 165 Yemen
- 166 South Sudan
- 167 Syria

Personal Freedom and Governance are in decline

Over the last decade, the world experienced an overall deterioration in Personal Freedom and Governance. The deterioration in freedoms across the globe has challenged the democratic institutions that are a prerequisite for the development of prosperity. The world has seen Executive Constraints and Political Accountability deteriorate. Meanwhile, the world has become safer as Safety and Security has rebounded over the last five years. And yet, the bottom 40 countries experienced a different reality. In this group, Safety and Security has worsened and diverged from the rest. In contrast however, Social Capital presents a bright side to the story, being on the rise in nearly all countries, including the bottom 40.

The crackdown on Personal Freedom

Across the world, 108 countries have experienced a deterioration in Personal Freedom, making this the pillar of prosperity that has declined the most over the last decade. Central and South Asia, MENA, and Eastern Europe saw the greatest deteriorations. Furthermore, the bottom 40 countries have been diverging from the rest in every element of Personal Freedom. Countries that started from a lower benchmark, have declined more than the rest.

Across the world, there has been a marked hostility towards freedom of assembly and association, freedom of speech and access to information. The media is facing more government censorship, and governments are increasingly restricting the right of people to meet freely.

Access Now, which monitors internet shutdowns around the world, has recorded 182 internet shutdowns in 2021, 159 in 2020, 213 in 2019, and 196 in 2018.²⁷ For example, the 2020–21 Belarus protests saw numerous internet blockades and harsh suppressions. Due to the blocking of popular social networks, Belarusian protesters mobilised using encrypted channels such as Telegram, as well as or-

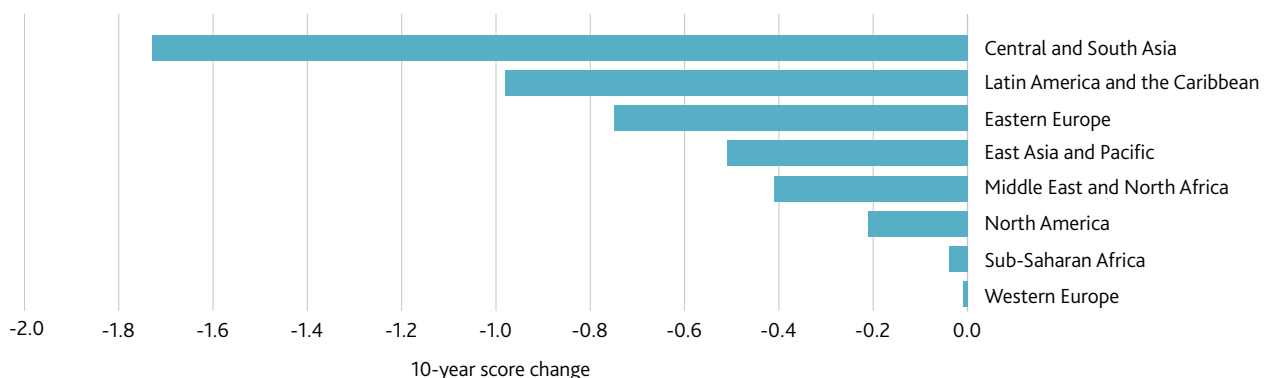
ganised by passing along the message without using any digital devices. The deterioration of freedoms and authoritarian governance style in Belarus are directly linked to the Minsk regime’s relationship with the Kremlin.

In Russia, freedom of assembly and association, freedom of speech and access to Information have deteriorated significantly. The Kremlin has steadily introduced new measures to remove content from websites it deems “extremist”.²⁸ Various activists have been fined or imprisoned for being hostile to the regime, and a significant degree of self-censorship is being practised. Authorities can ban protests on the grounds of public interest – for example, in 2021 demonstrations protesting the imprisonment of Alexey Navalny led to 11,500 people being detained and many journalists and activists being injured.²⁹ Since the start of its invasion of Ukraine, the government has blocked social media platforms such as Facebook, Twitter and Instagram, and has intensified misinformation and propaganda efforts.

China’s authoritarian regime has also become increasingly repressive in recent years. The ruling Chinese Communist Party (CCP) continues to tighten control over all aspects of life and governance, including the state bureaucracy, the media, online speech, religious practice, universities, businesses, and civil society. Additionally, it has undermined an earlier series of modest rule-of-law reforms.

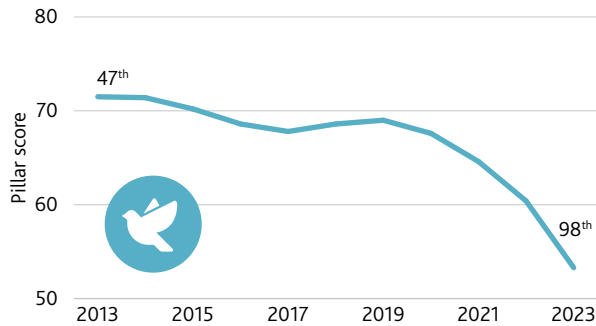
As a result of Chinese interference, Personal Freedom in Hong Kong has deteriorated dramatically from 47th to 98th over the decade. The implementation of the National Security Law (NSL) in 2020 has amounted to a multi-front attack on the ‘one country, two systems’ framework. The territory’s most prominent pro-democracy figures have been arrested under its provisions, and NSL charges or the threat of charges have resulted in the

Freedom of Speech and Access to Information: Government media censorship change, 2011–2021



closure of political parties, major independent news outlets, peaceful non-governmental organizations, and unions. The NSL also paved the way for Beijing to overhaul Hong Kong's electoral system in 2021. The new rules permit mainland authorities to vet candidates and contain other provisions that ultimately ensure Beijing's near-total control over the selection of Hong Kong authorities.

Personal Freedom in Hong Kong, 2013–2023



The deterioration of freedoms has been prominent in other places as well. In India, frequent harassment of journalists, government critics and NGOs under the current government have seen political diversity of media perspectives fall from 3rd to 89th over the past decade. Access to alternative information has fallen from 20th in the world to 104th in the same period. The extent to which the government censors the media has deteriorated from 45th globally to 121st. In 2021, India had the most internet shutdowns of any country.

In Burundi, which ranks 154th for Personal Freedom, there are laws that limit press freedom, restricting what journalists can report on and limiting protection of sources.³⁰ The government-owned public television broadcaster Le Renouveau dominates the media. As a result, the last decade saw the political diversity of media perspectives deteriorate from 118th to 148th. Many independent journalists have fled.

Eastern Europe has also failed to escape this trend, with freedom of speech and independent media significantly limited in Poland and Hungary. For instance, Reporters without Borders have declared a 'press freedom state of emergency' in Poland in light of the Government's attempts to take down the main independent media channel TVN.³¹ Meanwhile, the opposition has found it difficult to get its voice heard in Hungary. Since 2017, the ruling party and its allies have owned over 90% of Hungarian media.³² These examples demonstrate a troubling trend: outside of North America and Western Europe, personal rights and freedoms are deteriorating.

Social Capital on the rise

Social Capital has improved across all regions, other than North America, in 2023. However, while the bottom 40 countries are improving in Social Capital, the middle and the top countries account for most of the progress, creating an overall divergence between the bottom and the rest.

Over the last decade, 127 countries have improved in Social Tolerance, 119 in Interpersonal Trust and 93 in Social Networks. For instance, the percentage of people saying that their area is a good place for ethnic minorities has increased from 60% to 71%. In Eastern Europe, the percentage has improved from 41% to 74%, contributing to the region seeing the greatest strengthening of Social Capital. That can be seen as a response to the War in Ukraine.

Following Russia's attack, there has been an unprecedented level of support for Ukrainians, especially in Eastern Europe. Many countries, including Poland and Lithuania, removed visa requirements and embraced Ukrainian refugees of war. Consequently, Poland welcomed 1.4 million Ukrainian refugees.³³ While the Kremlin has been trying to undermine the values of liberal democracy, the people of Europe have responded by embracing them further, as exemplified by a significant jump of Social Capital in Eastern Europe.

Social Capital has also been on a rise in Asia. Singapore has experienced one of the greatest increases in Social Capital in the past decade, primarily led by an increase in social networks and civic and social participation. In fact, Singapore has the second-highest social media penetration rate in Southeast Asia, showing increasing social interactions between people in the country.³⁴

Additionally, civic and social participation is increasing across regions. Globally, the percentage of people who have donated money to a charity has increased from 24% to 36%. The largest rises have been in Eastern Europe, and East Asia and the Pacific. Lithuania alone – a country of 2.8 million – has donated 37 million euros to Ukraine. Again, this has shown European unity and solidarity amidst Russia's attempts to undermine it.

Social Capital, 2013–2023



Democratic backsliding

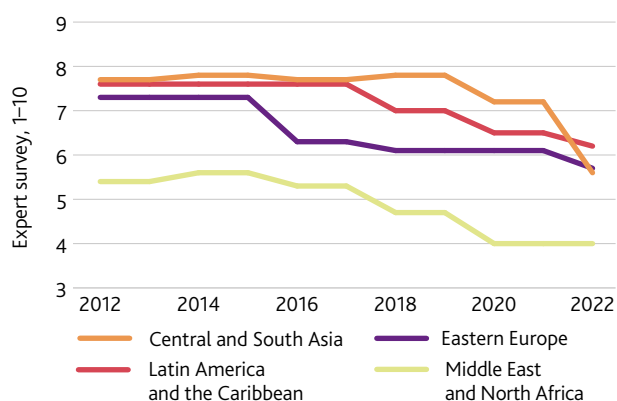
While many attribute development to an 'economic miracle,' meaningful prosperity is multi-dimensional. It requires the formation of effective institutions that then support accountable and representative politics. Whereas many improvements to human life have been seen in countries with a variety of political beliefs, it is only liberal democracies that allow the fullest extent of human flourishing.

The key institutions that facilitate the path to prosperity include an independent judiciary, constitutional checks and balances, independent electoral institutions, and free and fair elections. In other words, prosperity depends on full adherence to the principles of liberal democracy.³⁵

When many countries democratised under the Third Wave of Democratisation in the 1990s, it was believed by many that liberal democracy had reached the status of the final form of governance.³⁶ However, today, Fukuyama's 'end of history' seems to be a distant goal. Any hope that the world would transition inevitably towards democracy and peace has been shattered by the emergence of autocratic regimes intent on imposing their own style of governance on the rest of the world.

Democratic practices have been backsliding around the world, regardless of the frequency of elections. Executive constraints have deteriorated in every region other than Western Europe. The level to which executive powers are effectively limited by the judiciary and legislature has decreased. Furthermore, Political Accountability has deteriorated in five out of eight regions. Worryingly, the extent to which political actors agree on democracy and market economy as a goal has also been declining in four out of eight regions: Central and South Asia, MENA, Latin America and the Caribbean, and Eastern Europe.

Consensus on democracy and a market economy as a goal, 2012–2022



The Ibrahim Index of African Governance (IIAG) finds that in Africa, a decade of governance progress is threatened by democratic backsliding and worsening security.³⁷ In fact, our Index shows that the bottom 40 countries are diverging from the rest in rule of law and government effectiveness. Yet, it is not only in the less prosperous countries where declining democracy poses a concern. The trend is prevalent in many of the countries that feature at the top half of the Prosperity Index rankings.

In Europe, Hungary presents a concerning example, as the country is experiencing democratic backsliding.³⁸ Executive constraints and political accountability have been declining significantly over the past decade. This year, Hungary ranks 113th in the former, and 91st in the latter. When it comes to government powers being subject to independent and non-governmental checks, this Eastern European country stands as low as 148th.

Freedom House has noted that the country's government has dismantled core democratic institutions and significantly limited freedom of speech.³⁹ In recent years, Hungary's government has rewritten several components of the constitution, giving substantially more power to the office of the executive.⁴⁰ This allowed the executive to fire civil servants, gerrymander parliamentary districts and install loyalists into key positions, including in Constitutional Courts that then disregarded executive constraints.⁴¹

Hungary is not the only country where democratic governance has been deteriorating. Turkey presents another prominent case. The current government has ruled Turkey since 2002. As noted by Freedom House, after initially passing some liberalizing reforms, the government has pursued a wide-ranging crackdown on critics and opponents since 2016.⁴² For example, Amnesty International points out that hundreds of people, including journalists, social media users and protesters, have been detained in Turkey in 2019 due to their criticism of Turkey's military offensive in Syria.⁴³

This action was allowed by the constitutional changes implemented in 2017 that concentrated power in the hands of the executive, removing key checks and balances.⁴⁴ Most recently, the Turkish Parliament has passed new amendments known as the 'censorship law' that introduce new abusive criminal speech offences and deepen online censorship and access to information.⁴⁵ Human Rights Watch has raised concerns over the development, coming right before the 2023 presidential and parliamentary elections.⁴⁶

On the other hand, while democracy is declining around the world, in some countries, such as Mongolia and Kenya, people are showing increasing support for an open and transparent political system. In Mongolia, a recent survey indicates that 72% prefer a democracy, while simultaneously acknowledging the need for its improvement.⁴⁷ In Kenya, the democracy level, which is produced by Freedom House and measures constraints on chief executives, regulation of political participation and competitiveness of political participation, has improved in the last decade. This was facilitated by a continuous improvement in democratic elections. While the results of the most recent multi-tiered elections were investigated, they have been conducted without any violence, showing a major gain for Kenyan democracy.⁴⁸

While there are countries that present hopeful examples, the lack of democracy in some regions, and democratic backsliding in others, illustrates a worrying trend, as democratic institutions are an essential component of a nation's pathway to prosperity. In cases where democracy is being challenged externally by actors such as the Kremlin and Beijing, it will be essential to ensure that democratic institutions are protected and improved domestically.

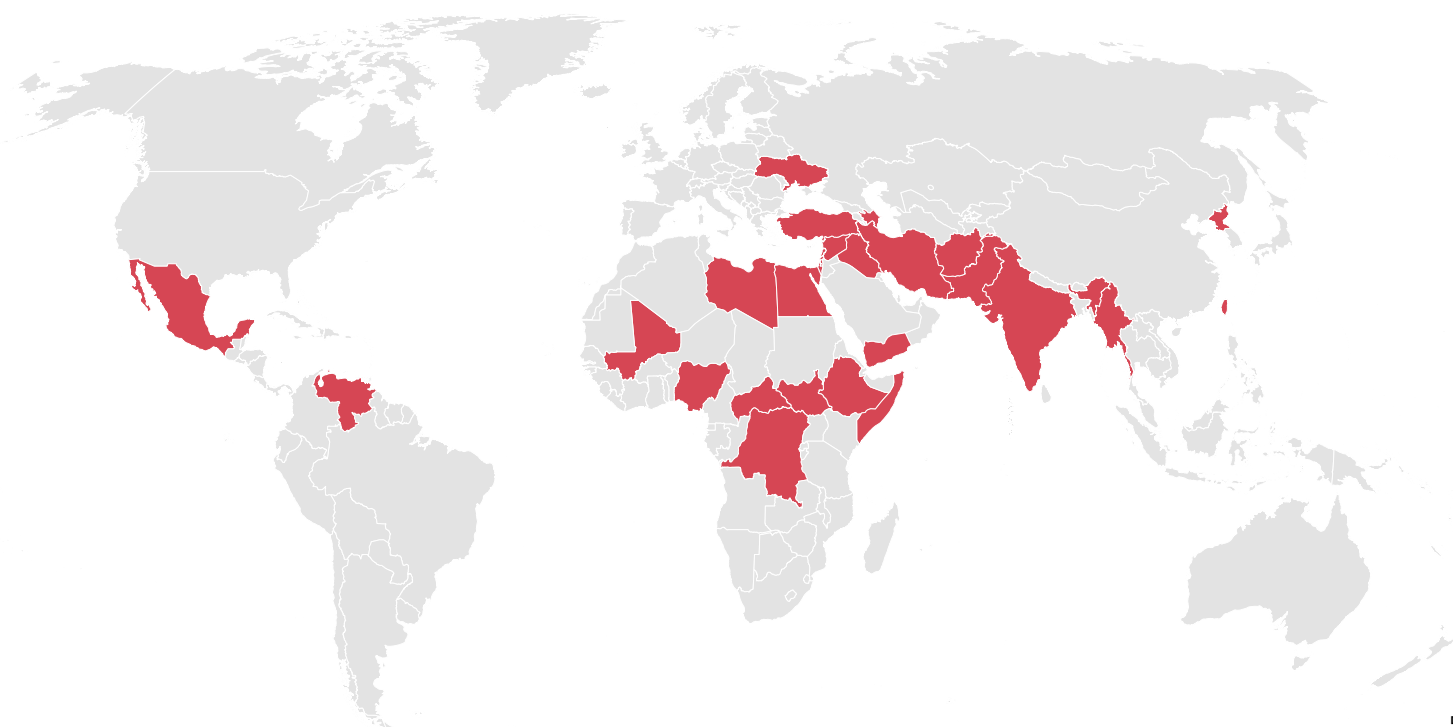
This is particularly important as decline in democracy can lead to increased conflicts. And while Safety and Security has improved globally over the last five years, the improvement is not comprehensive – some regions are affected more, while some areas are getting worse. In the bottom 40 group of countries, every element, including war and civil conflict, terrorism, politically related terror and violence, violent and property crime, has deteriorated. Meanwhile, in the middle and top 40 countries, while

most elements are improving, terrorism has deteriorated, and is converging with the bottom 40.

Additionally, other than Sub-Saharan Africa and North America, the extent to which the military is involved in the rule of law and politics has also worsened in all regions. For example, since 2019 the government in Thailand has been controlled by a semi-elected, military-dominated government, the successor to a military dictatorship following the 2014 coup. According to Freedom House, the authoritarian regime has seen a major uptick in lese-majeste imprisonment, with impunity for crimes against activists a regular feature of the government.⁴⁹ Moreover, many African countries saw their political control being seized by military officers. In the last two years military coups have affected Mali, Guinea, Burkina Faso and Sudan. The 2021 coup in Sudan resulted in the Secretary General of the United Nations declaring 'an epidemic' of coups in Africa.⁵⁰

As military involvement in governance is increasing, conflict is also on the rise, and with war in Ukraine it has once again reached the doorstep of Europe. Currently, there are 27 active conflicts around the world, and not a single one is classified as improving.⁵¹ The ones that are worsening include the war in Ukraine, the war in Afghanistan, political instability in Lebanon, the war in Yemen, the Rohingya crisis in Myanmar, and the conflict in Ethiopia.⁵² Eleven out of 27 conflicts are in the MENA region, while Sub-Saharan Africa and Asia host 7 each. This means that 2 billion people, or a quarter of the entire global population, currently live in conflict-affected areas, and at least 274 million people will need humanitarian assistance this year.⁵³

Global conflicts, 2023^{54,55}

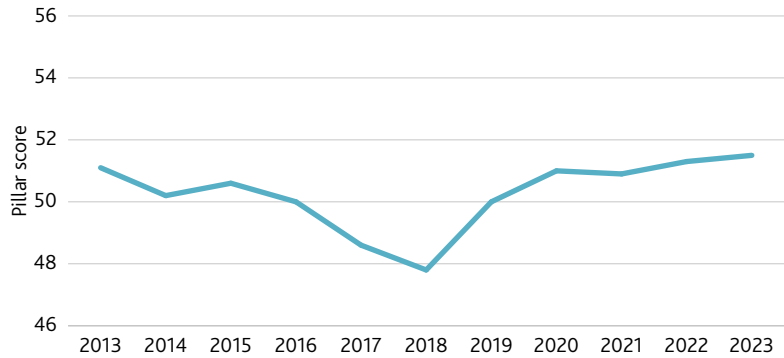




Safety and Security

Safety and Security is an integral component of prosperity. Citizens' wellbeing is dependent on having personal safety, where their person and property are free from violence and theft. A secure and stable environment is necessary for attracting investment and sustaining economic growth. In short, a nation can prosper only in an environment of security and safety for its citizens.

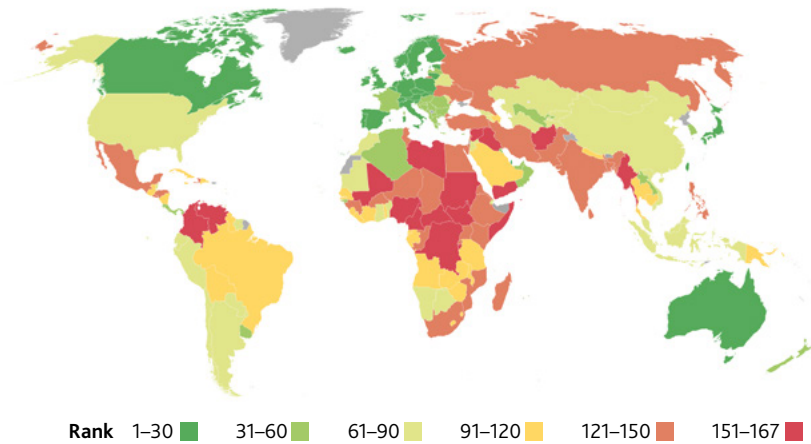
Safety and Security Global trend, 2013–2023



Safety and Security, 2023

Strongest

- 1 Luxembourg
- 2 Switzerland
- 3 Norway
- 4 Taiwan, China
- 5 Japan
- 6 Denmark
- 7 Singapore
- 8 Iceland
- 9 Netherlands
- 10 Sweden

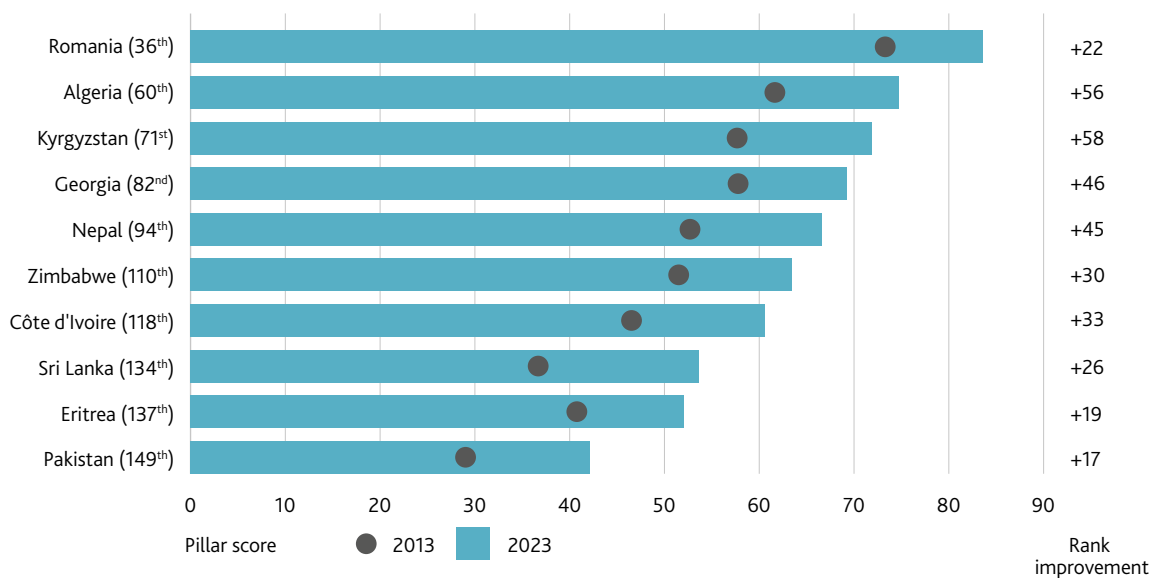


Weakest

- 158 Mali
- 159 Sudan
- 160 Somalia
- 161 Dem. Rep. Congo
- 162 Libya
- 163 Iraq
- 164 Syria
- 165 Yemen
- 166 Afghanistan
- 167 South Sudan

Safety and Security

Most improved countries, 2013–2023 (2023 country rank)





Credit: Shutterstock

Element (weight %)

Indicators

War and Civil Conflict (20%) concerns the impact of organised conflicts affecting a country, both internal and external, on people, in terms of deaths, injuries and human displacement.

- Two-sided conflict deaths (UCDP)
- Civil and ethnic war (CSP)
- Conflict-driven internal displacement (IDMC)
- Refugees (origin country) (UNHCR)

Terrorism (15%) measures the deliberate and targeted harm inflicted by non-state actors on a nation's population, taking into account the number of incidents, injuries and also deaths that result. The costs of attacks on business are also taken into consideration.

- Terrorism deaths (GTD)
- Terrorism injuries (GTD)
- Terrorism incidents (GTD)
- Property cost of terrorism (GTD)

Politically Related Terror and Violence (30%) measures the extent to which people live in fear of, or suffer from, terror and violence inflicted by the state or other political bodies.

- Political terror (PTS)
- Extrajudicial killings (CIRIGHTS)
- Use of torture (CIRIGHTS)
- Disappearance cases (CIRIGHTS)
- Political imprisonment (CIRIGHTS)
- One-sided conflict deaths (UCDP)

Violent Crime (25%) assesses the level to which violent domestic crime affects the citizens of a country.

- Intentional homicides (WB-DI)
- Dispute settlement through violence (WJP)
- Safety walking alone at night (Gallup)
- Physical security of women (WomStat)

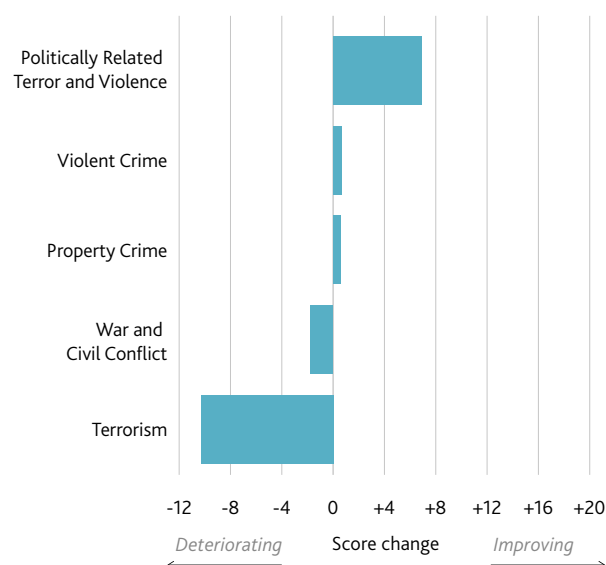
Property Crime (10%) captures the level to which property crime, such as burglary, destabilises the security of individuals and affect both individuals' wealth and wellbeing.

- Property stolen (Gallup)
- Business costs of crime and violence (WEF)
- Business costs of organised crime (WEF)

Safety and Security Regional change, 2013–2023



Safety and Security Elements change, 2013–2023

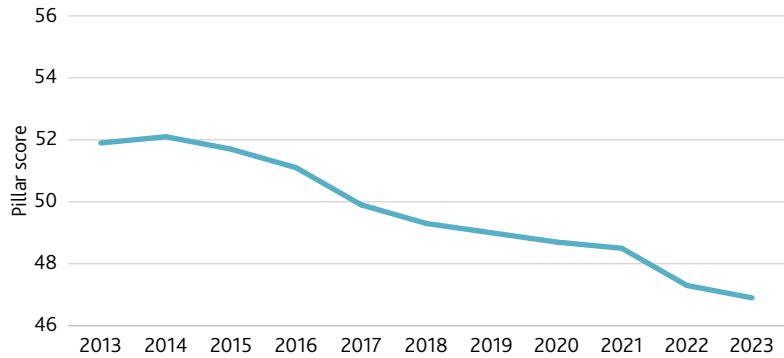




Personal Freedom

Personal Freedom captures the extent to which the population of a country is free to determine the course of their lives without undue restrictions. This includes freedom from coercion and restrictions on movement, speech and assembly. Central to this is the level of agency an individual experiences, and their freedom from discrimination.

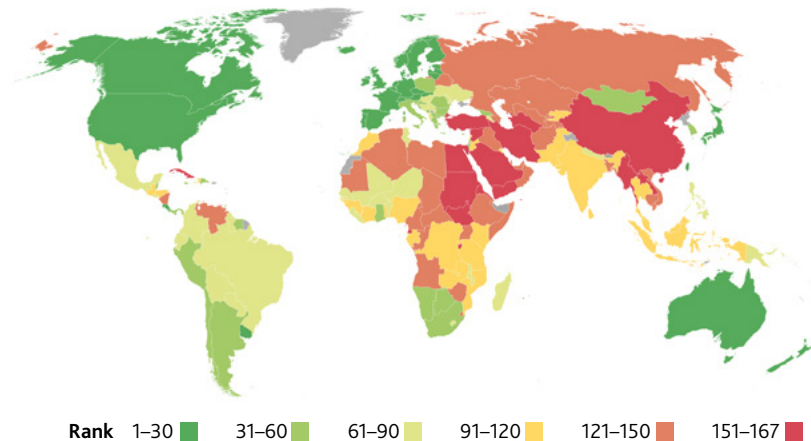
Personal Freedom Global trend, 2013–2023



Personal Freedom, 2023

Strongest

- 1 Norway
- 2 Denmark
- 3 Finland
- 4 Sweden
- 5 Netherlands
- 6 Luxembourg
- 7 Iceland
- 8 Ireland
- 9 Germany
- 10 Belgium

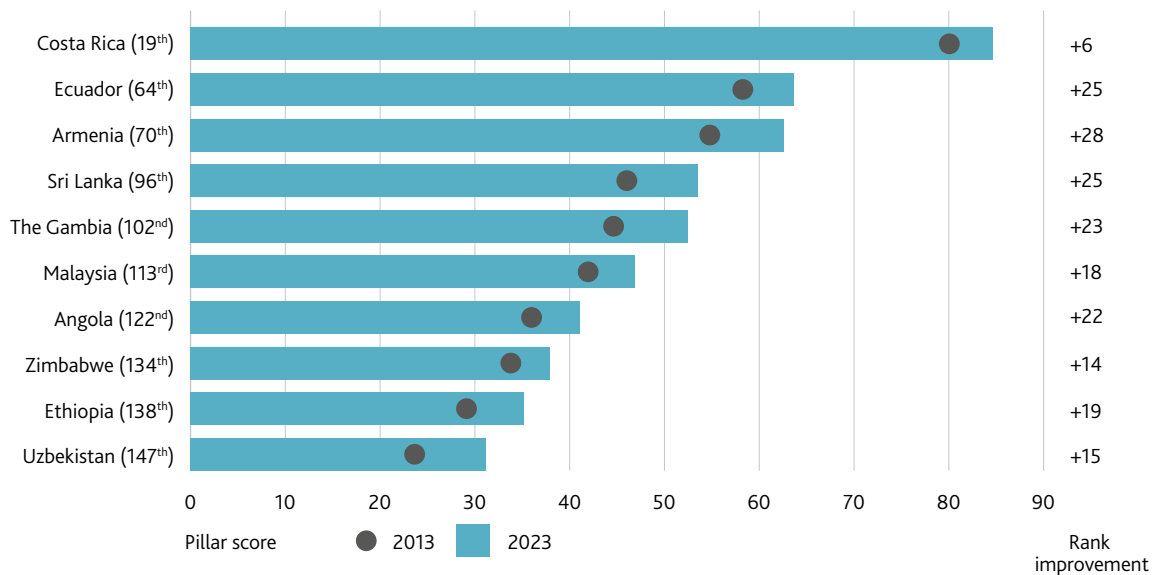


Weakest

- 158 South Sudan
- 159 Yemen
- 160 Egypt
- 161 Turkmenistan
- 162 China
- 163 Saudi Arabia
- 164 Myanmar
- 165 Iran
- 166 Eritrea
- 167 Syria

Personal Freedom

Most improved countries, 2013–2023 (2023 country rank)





Credit: Shutterstock

Element (weight %)

Indicators

Agency (25%) captures the degree to which individuals are free from coercion or restriction and are free to move. At its heart, an individual experiences agency if they have the freedom to act independently and make their own free choices. Forced bondage and slavery, unlawful imprisonment, restrictions on movement, and numerous other factors can act as impediments on agency.

- *Personal autonomy and individual rights (FH)*
- *Due process and rights (WJP)*
- *Freedom of movement (CIRIGHTS)*
- *Women's agency (WomStat)*
- *Freedom from arbitrary interference with privacy (WJP)*
- *Freedom from forced labour (V-DEM)*
- *Government response to slavery (GSI)*
- *Satisfaction with freedom (Gallup)*

Freedom of Assembly and Association (25%) measures the degree to which people have the freedom to assemble with others in public spaces to express opinions freely, with autonomy from the State, and to form collective interest organisations.

- *Right to associate and organise (FH)*
- *Guarantee of assembly and association (WJP)*
- *Autonomy from the state (V-DEM)*

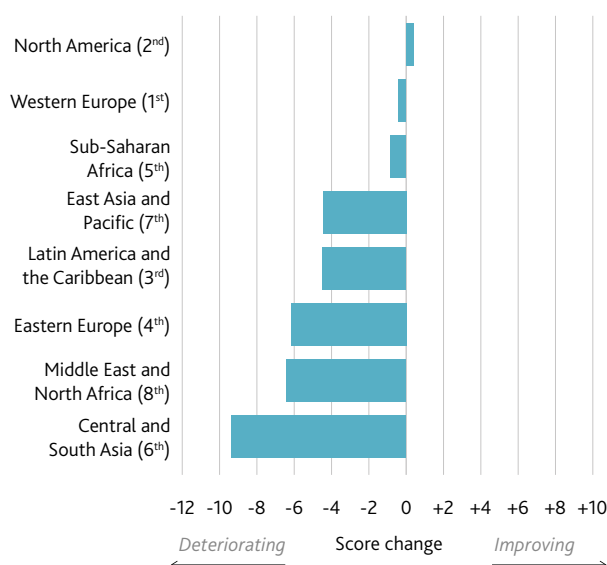
Freedom of Speech and Access to Information (25%) captures the ability of people to express political opinion without reproach and the extent to which the media is censored and is independent from and not influenced by the ruling government.

- *Press freedom from government censorship (FH)*
- *Press freedom from physical repression (RsF)*
- *Freedom of opinion and expression (WJP)*
- *Government media censorship (V-DEM)*
- *Alternative sources of information (V-DEM)*
- *Political diversity of media perspectives (V-DEM)*

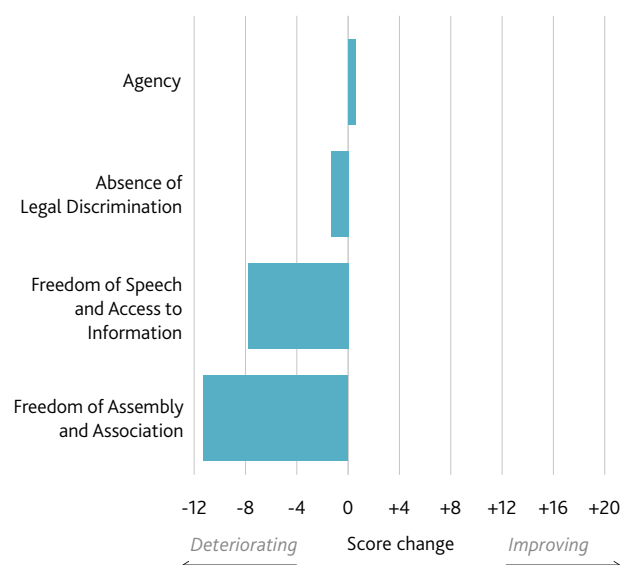
Absence of Legal Discrimination (25%) assesses the level of discrimination in law or by government and whether the law protects individuals and groups from suffering discrimination. This dimension captures multiple factors, including gender, sexuality, religion, ethnicity, and economic background.

- *Equal treatment and absence of discrimination (WJP)*
- *Non-discriminatory civil justice (WJP)*
- *Freedom from hiring and workplace discrimination (WJP)*
- *LGBT Rights (ILGA)*
- *Protection of women's workplace, education and family rights (WomStat)*
- *Freedom of belief and religion (WJP)*
- *Government religious intimidation and hostility (Pew)*

Personal Freedom Regional change, 2013–2023



Personal Freedom Elements change, 2013–2023

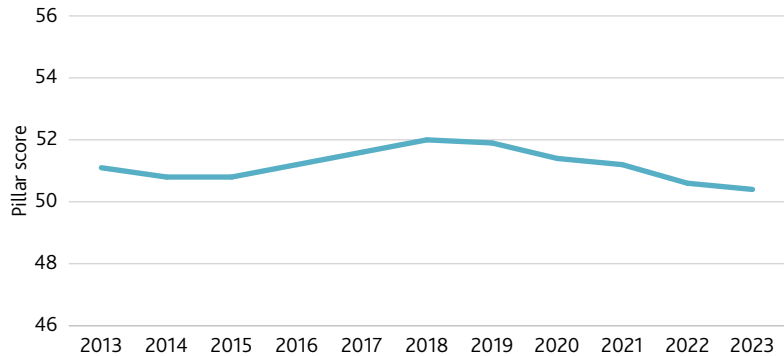




Governance

Governance measures the extent to which there are checks and restraints on political power and whether governments operate effectively and without corruption. The nature of a country's governance has a material impact on its prosperity. The rule of law, strong institutions and regulatory quality contribute significantly to economic growth, as do competent governments that enact policy efficiently and design regulations that deliver policy objectives without being overly burdensome.

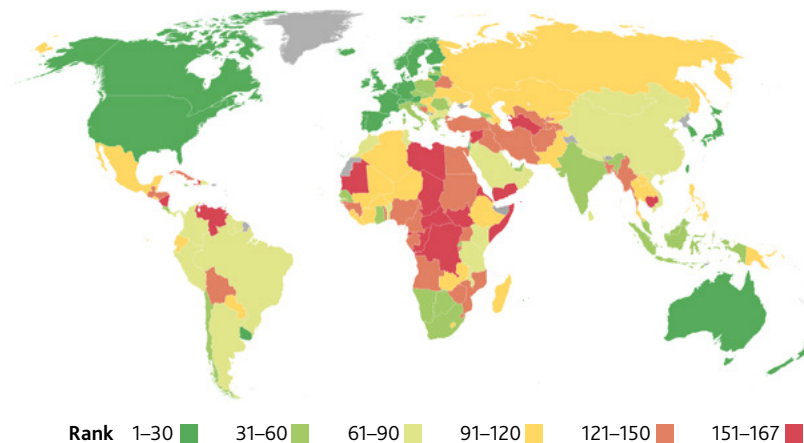
Governance Global trend, 2013–2023



Governance, 2023

Strongest

- 1 Finland
- 2 Norway
- 3 Denmark
- 4 Switzerland
- 5 Netherlands
- 6 New Zealand
- 7 Sweden
- 8 Luxembourg
- 9 Germany
- 10 Iceland

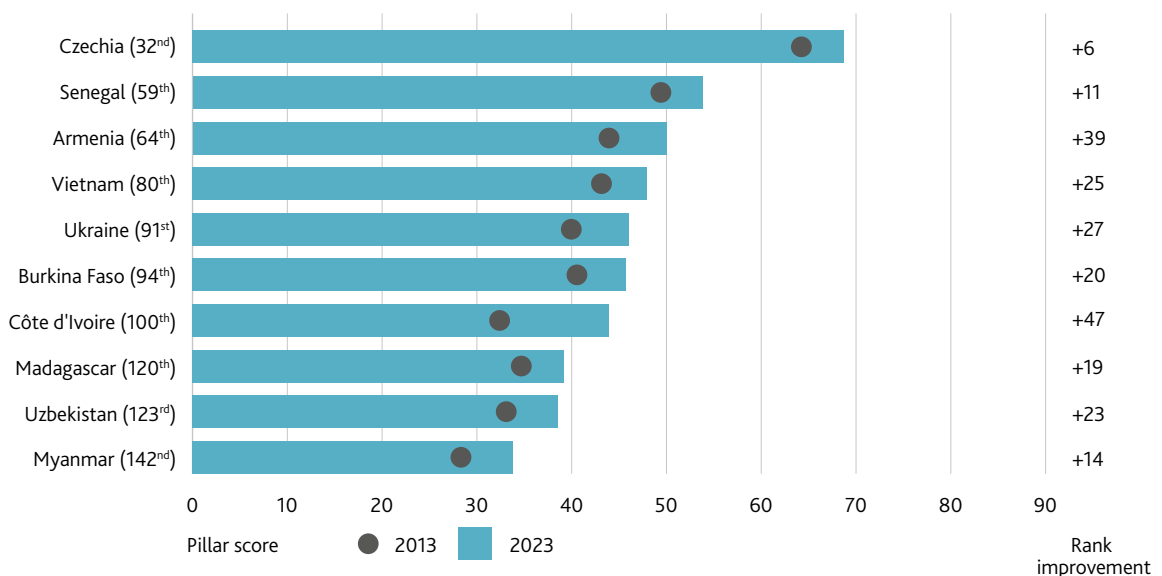


Weakest

- 158 Haiti
- 159 Dem. Rep. of Congo
- 160 Libya
- 161 Somalia
- 162 Chad
- 163 Eritrea
- 164 South Sudan
- 165 Syria
- 166 Yemen
- 167 Venezuela

Governance

Most improved countries, 2013–2023 (2023 country rank)



Element (weight %)

Indicators

Executive Constraints (15%) assesses the level of checks and balances, and separation of powers — especially with respect to the executive.

- Executive powers are effectively limited by the judiciary and legislature (WJP)
- Government powers are subject to independent and non-governmental checks (WJP)
- Transition of power is subject to the law (WJP)
- Military involvement in rule of law and politics (FI)
- Government officials are sanctioned for misconduct (WJP)

Political Accountability (15%) is the degree to which the public can hold public institutions accountable, capturing the degree of political pluralism, and other mechanisms of accountability.

- Consensus on democracy and a market economy as a goal (BTI)
- Political participation and rights (FH)
- Democracy level (CSP)
- Complaint mechanisms (WJP)

Rule of Law (15%) is the fairness, independence and effectiveness of the judiciary (in applying both civil and criminal law), along with the accountability of the public to the law.

- Judicial independence (WEF)
- Civil justice (WJP)
- Integrity of the legal system (FI)
- Efficiency of dispute settlement (WEF)

Government Integrity (15%) assesses the integrity of a government, encompassing both the absence of corruption, and the degree to which government fosters citizen participation and engagement, through open information and transparent practices.

- Use of public office for private gain (WJP)
- Diversion of public funds (WEF)
- Anti-corruption policy (BTI)
- Clientelism (V-DEM)
- Legislative corruption (V-DEM)
- Judicial corruption (V-DEM)
- Executive corruption (V-DEM)
- Public sector corruption (V-DEM)

Government Effectiveness (15%) is a combination of the quality of public service provision, the quality of the bureaucracy and the competence of officials.

- Government quality and credibility (WGI)
- Prioritisation (BTI)
- Efficiency of government spending (WEF)
- Efficient use of assets (BTI)
- Implementation (BTI)
- Policy learning (BTI)
- Policy coordination (BTI)

Regulatory Quality (15%) encompasses all aspects of the running of the regulatory state — whether it is burdensome and impedes private sector development, and whether it is smoothly and efficiently run.

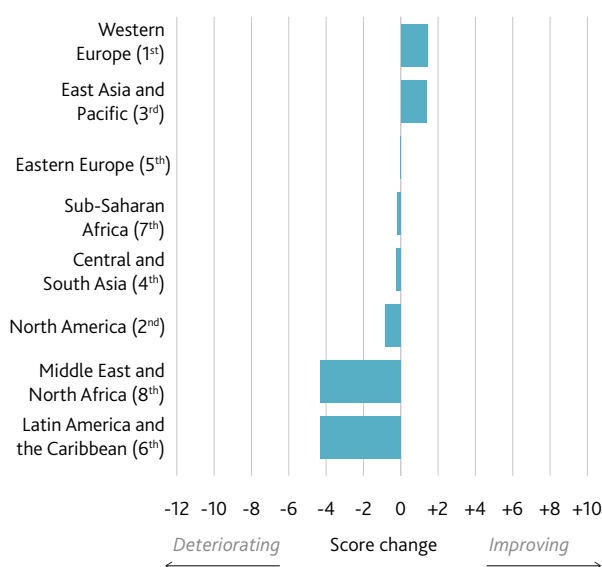
- Right to information (WJP)
- Publicised laws and government data (WJP)
- Transparency of government policy (WEF)
- Budget transparency (IBP)
- Regulatory quality (WGI)
- Enforcement of regulations (WJP)
- Efficiency of legal framework in challenging regulations (WEF)
- Delay in administrative proceedings (WJP)

Institutional Trust (10%) captures the degree to which individuals trust their institutions. Trust in institutions is an important foundation upon which the legitimacy and stability of political systems are built.

- Confidence in local police (Gallup)
- Public trust in politicians (WEF)
- Confidence in financial institutions and banks (Gallup)
- Confidence in judicial systems and courts (Gallup)
- Confidence in national government (Gallup)
- Confidence in military (Gallup)

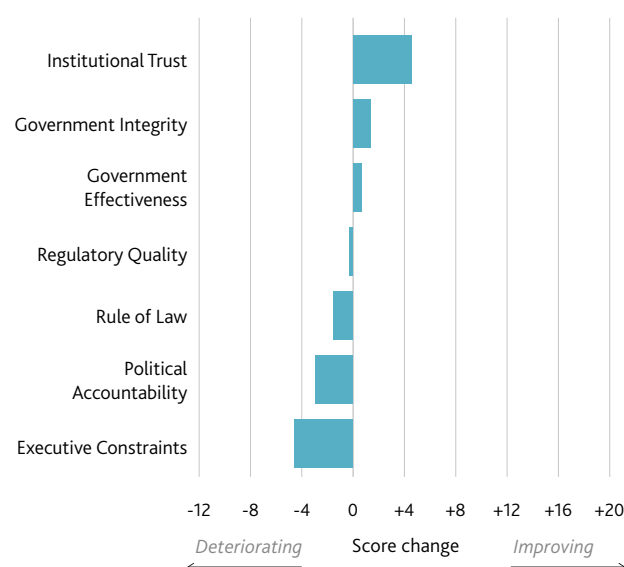
Governance

Regional change, 2013–2023



Governance

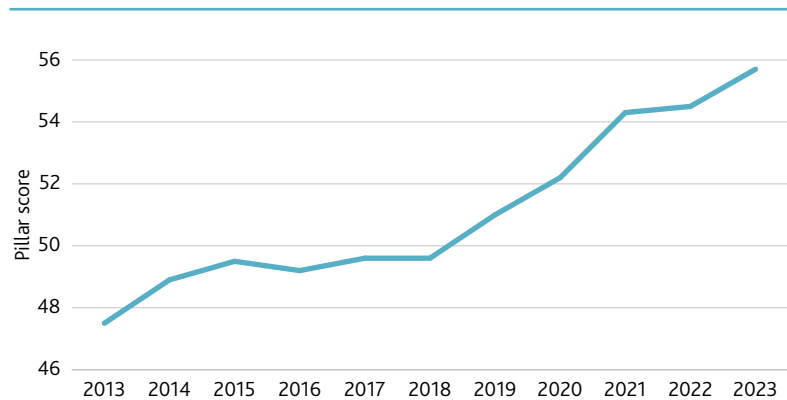
Elements change, 2013–2023



Social Capital

Social Capital measures how cohesive a society is in terms of people trusting, respecting and helping one another, and the institutional structures they interact with. A person’s wellbeing is best provided for in a society where people trust one another and have the support of their friends and family. Societies with lower levels of trust tend to experience lower levels of economic growth and social wellbeing. Thus, the word “capital” in “social capital” highlights the contribution of social networks as an asset that produces economic returns and improves wellbeing.

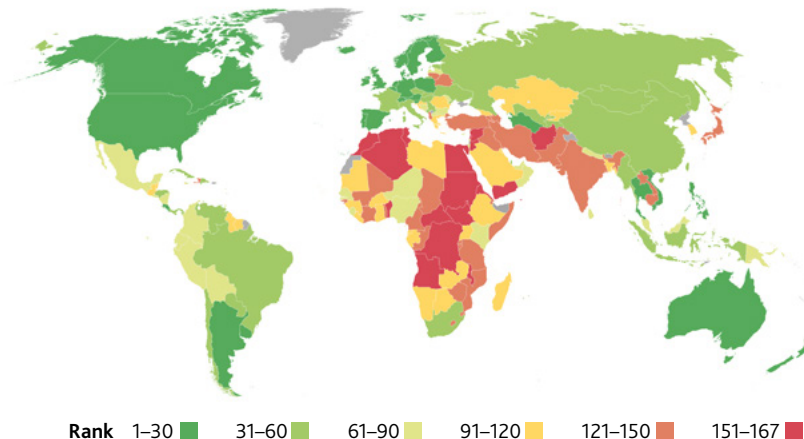
Social Capital Global trend, 2013–2023



Social Capital, 2023

Strongest

- 1 Denmark
- 2 New Zealand
- 3 Norway
- 4 Sweden
- 5 Iceland
- 6 Australia
- 7 Finland
- 8 Netherlands
- 9 United States
- 10 Canada

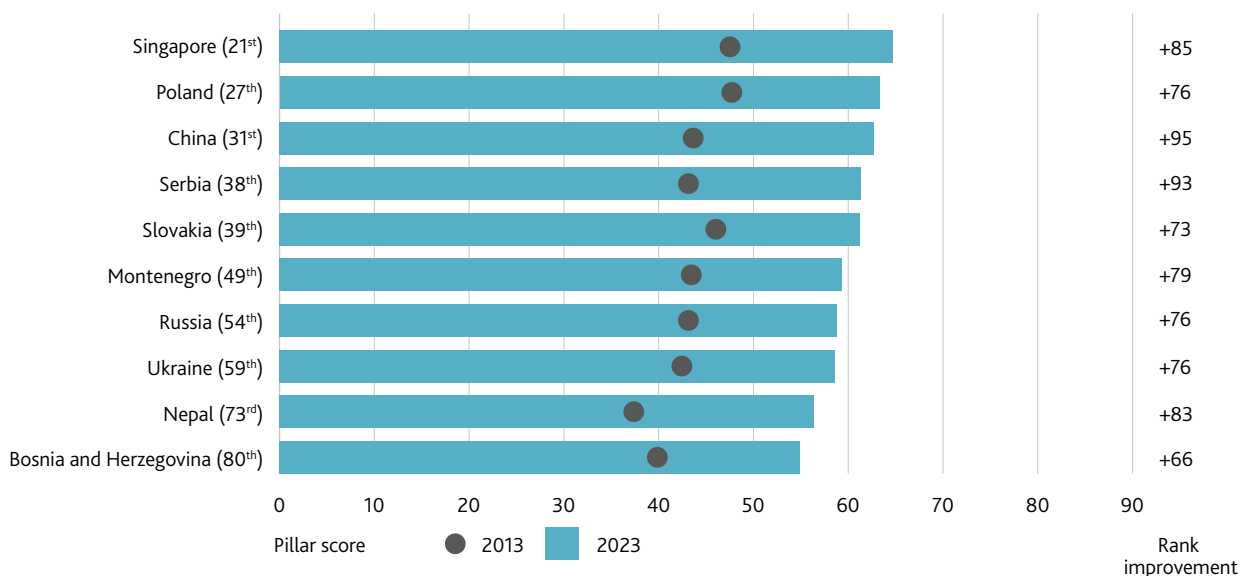


Weakest

- 158 Eritrea
- 159 Benin
- 160 Central African Republic
- 161 Egypt
- 162 Morocco
- 163 South Sudan
- 164 Sudan
- 165 Lebanon
- 166 Afghanistan
- 167 Syria

Social Capital

Most improved countries, 2013–2023 (2023 country rank)





Credit: Shutterstock

Element (weight %)

Indicators

Personal and Family Relationships (20%) captures the strength of the closest-knit personal relationships and family ties. These relationships form the crux of support that individuals can turn to, emotionally, mentally, and financially on a daily basis.

- *Help from family and friends when in trouble (Gallup)*
- *Family give positive energy (Gallup)*

Social Networks (20%) measures the strength of, and opportunities provided by, ties that an individual has with people in their wider network. These ties are a vital part of social support, and these networks can bolster bridging capital when social and community networks span different groups in society. Local social networks depend on building and maintaining relationships with other individuals and families, including neighbours.

- *Respect (Gallup)*
- *Opportunity to make friends (Gallup)*
- *Helped another household (Gallup)*

Interpersonal Trust (20%) assesses the amount of trust within a society, encompassing the degree to which people trust strangers and those outside their known social sphere.

- *Generalised interpersonal trust (WVS)*
- *Helped a stranger (Gallup)*

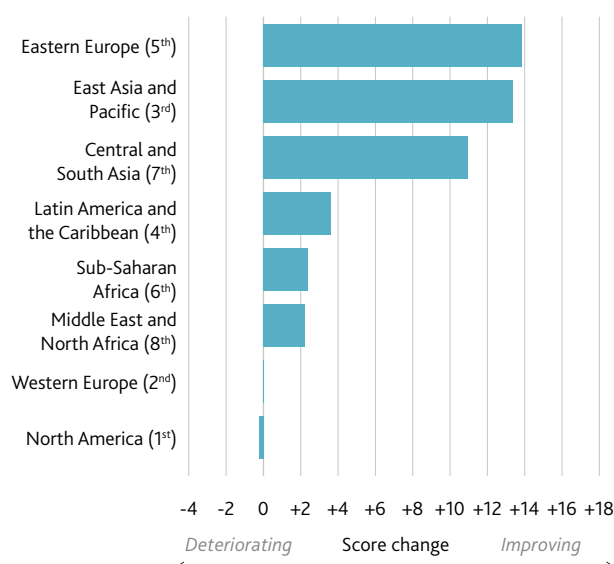
Social Tolerance (20%) measures the degree to which societies are tolerant of differences within the population, and the level of tension arising over these differences. Societal discrimination and intolerance can engender serious issues within a society, and are a significant inhibitor of individuals' *de facto* freedoms.

- *Perceived tolerance of ethnic minorities (Gallup)*
- *Perceived tolerance of LGBT individuals (Gallup)*
- *Perceived tolerance of immigrants (Gallup)*

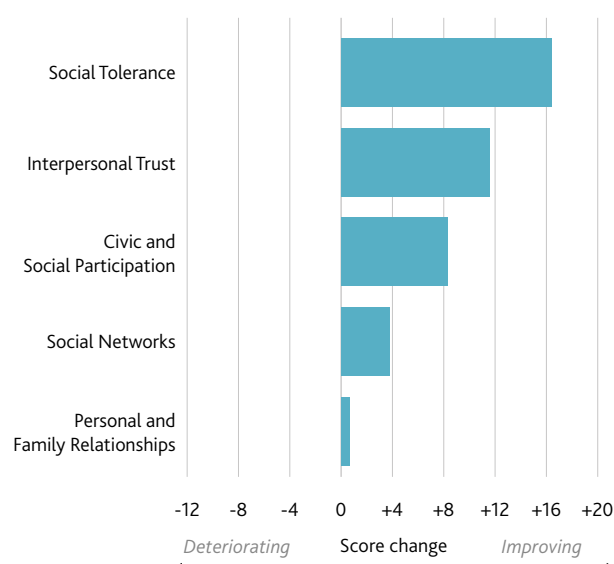
Civic and Social Participation (20%) measures the amount to which people participate within a society, broadly split into the civic and social spheres.

- *Donated money to charity (Gallup)*
- *Voter turnout (IDEA)*
- *Volunteering (Gallup)*
- *Voiced opinion to a public official (Gallup)*

Social Capital Regional change, 2013–2023



Social Capital Elements change, 2013–2023





Open Economies

Open Economies encourage innovation and investment, promote business and trade, and facilitate inclusive growth. This domain captures the extent to which the economies of each country embody these ideals.

Without an open, competitive economy it is very challenging to create lasting social and economic wellbeing where individuals, communities, and businesses are empowered to reach their full potential. Trade between countries, regions, and communities is fundamental to the advance of innovation, knowledge transfer, and productivity that creates economic growth and prosperity. Research shows that open economies are more productive, with a clear correlation between increased openness over time and productivity growth. In contrast, in an uncompetitive market, or one that does not maximise welfare, growth stagnates and crony capitalism thrives, with knock-on impacts elsewhere in society.

One of the biggest opportunities for policymakers is to resist protectionism and cronyism, and to actively reinvent an agenda that embraces open and pro-competitive economies, both domestically and internationally, and that attracts innovation, ideas, capital and talent. While most policymakers focus on the big fiscal and macroeconomic policy tools at their disposal, the microeconomic factors are sometimes overlooked, and their potential to drive openness and growth is underestimated. With a focus on these microeconomic factors, we examine the fundamental aspects of open economies across four pillars, each with component elements.

Investment Environment measures the extent to which investments are protected adequately through the exist-

ence of property rights, investor protections, and contract enforcement. Also measured is the extent to which domestic and international capital (both debt and equity) are available for investment. The more a legal system protects investments, for example through property rights, the more that investment can drive economic growth.

Enterprise Conditions measures how easy it is for businesses to start, compete and expand. Contestable markets with low barriers to entry are important for businesses to innovate and develop new ideas. This is essential for a dynamic and enterprising economy, where regulation enables business and responds to the changing needs of society.

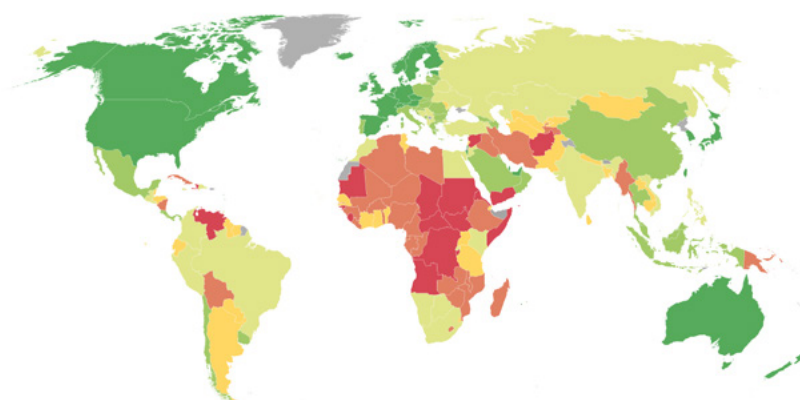
Infrastructure and Market Access measures the quality of the infrastructure that enables trade (communications, transport, and resources), and the inhibitors on the flow of goods and services between businesses. Where markets have sufficient infrastructure and few barriers to trade, they can flourish. Such trade leads to more competitive and efficient markets, allowing new products and ideas to be tested, funded, and commercialised, ultimately benefitting consumers through a greater variety of goods at more competitive prices.

Economic Quality measures how robust an economy is (fiscal sustainability and macroeconomic stability) as well as how an economy is equipped to generate wealth (productivity and competitiveness, dynamism). A strong economy is dependent on high labour force engagement and the production and distribution of a diverse range of valuable goods and services.

Open Economies, 2023

Strongest

- 1 Hong Kong
- 2 Singapore
- 3 Switzerland
- 4 Netherlands
- 5 Denmark
- 6 Luxembourg
- 7 United States
- 8 Sweden
- 9 Germany
- 10 United Kingdom



Rank 1-30 ■ 31-60 ■ 61-90 ■ 91-120 ■ 121-150 ■ 151-167 ■

Weakest

- 158 Guinea-Bissau
- 159 Sudan
- 160 Central African Republic
- 161 Haiti
- 162 Mauritania
- 163 Somalia
- 164 Chad
- 165 Dem. Rep. of Congo
- 166 Yemen
- 167 Venezuela

Emerging weaknesses in the global economy

Many countries have experienced long-term improvement in their economic foundations. However, four fundamental weaknesses have emerged: slowing productivity growth, decreasing macroeconomic stability, worsening fiscal sustainability, and rising youth and female unemployment. Additionally, the bottom 40 countries have continued to diverge with the rest of the world in infrastructure and market access, significantly limiting their economic development. In contrast, all aspects of Economic Quality have been improving in the top 40 countries in the last 10 years.

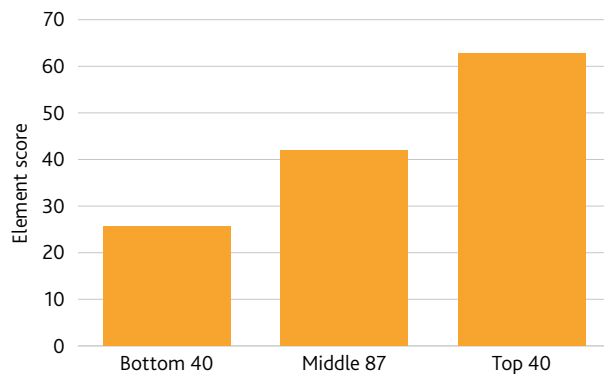
Asia has led labour productivity improvement in the last decade, while North America and Eastern Europe have also improved, albeit more modestly. A reduction in the rate of productivity growth has been clearly noticeable in Western economies, leading to stalling living standards. This trend is present across the world.

It is concerning that many countries' economies are not growing as fast as they should, leading to an overall divergence between regions.

In Sub-Saharan Africa today, the average worker produces goods and services worth \$11,700 per year – just \$600 more than 10 years ago. In Latin America and the Caribbean, the average worker produces less than they did 10 years ago.

Additionally, the last 10 years have witnessed an increasing infrastructure gap. The bottom 40 countries have not caught up with the middle and top groups, where every aspect of infrastructure continues to improve. Water infrastructure is the only element in which the bottom group is catching up with the rest.

Transport, 2023



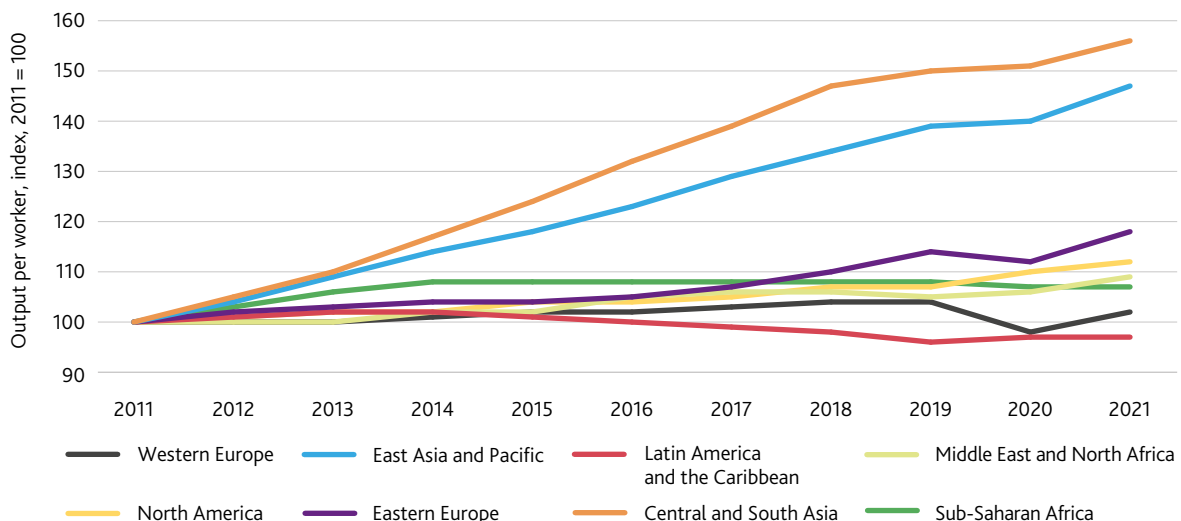
Over 10 years, every region has seen increasing government debt, rising from 52% to 76% of GDP on average. In Sub-Saharan Africa, it has almost doubled, from 32% to 62% of GDP, much of which is denominated in foreign currency. However, increasing interest rates mean that these debt burdens may become unsustainable.⁵⁶

Ghana has been one of the worst affected countries, and following high rates of inflation, has had to restructure its financial debt with the IMF's support.⁵⁷ Malawi faced a similar situation, with the country's debt reaching unsustainable levels.

Hence, 2023 presents a difficult economic outlook, marked by a substantive growth slowdown in the world economy, coupled with soaring inflation in many countries.⁵⁸

Global economic growth is expected to slow to 2.2% this year,⁵⁹ representing a long-term slowdown in GDP growth over the last decade in most regions. Worryingly, GDP growth has even deteriorated in Sub-Saharan Africa and Central and East Asia – the areas that were already significantly behind.

Labour productivity growth, 2011–2021



According to the World Bank, the reasons for the decline in economic growth around the world include the energy and commodity shocks caused by Russia’s war in Ukraine.⁶⁰ As prices were rebounding from the pandemic, global supply-chain constraints led to soaring inflation around the world.⁶¹

Meanwhile, for the economies of the bottom 40 countries to improve, trade and access to global markets is essential. However, while the world is becoming more linked by trade agreements, the bottom 40 countries

have also diverged in terms of access to foreign markets. For example, in the last 10 years, the top 40 have increased their access to foreign markets for goods from 32% of the global economy to 45%, while the bottom 40 have increased their access from 8% to just 12% of the global economy.

The challenges are interlinked: a healthy economy must have sustainable debt levels, an engaged workforce, stable prices and growing productivity – all of which are absent today.

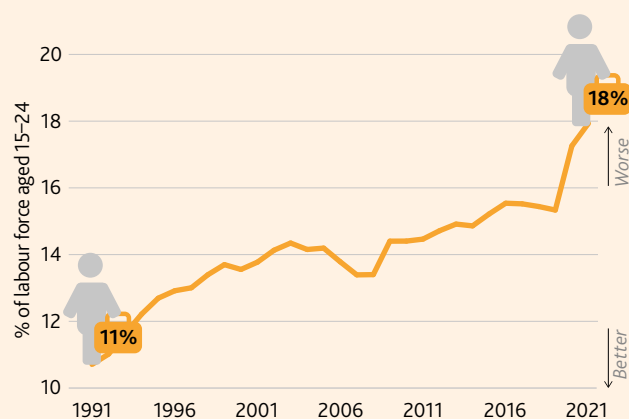
Spotlight on employment

The proportion of workers who are waged and salaried has risen from 47.4% of the workforce in 2009 to 51.1% in 2019. This growth has been highest in East Asia and the Pacific, and Central and South Asia, where they have grown by 6% and 7%.

However, parts of the global labour force remain disengaged. Youth unemployment has risen across the world and stands at 24% in Central and South Asia, 22% in Latin America, and 26% in MENA. This represents a more worrying long-term trend of youth unemployment. For example, in Djibouti under-35’s comprise 73% of the population.⁶² Meanwhile, the country has the highest youth unemployment in the world, which has been persistently worsening in the last three decades and reached 80% in 2021.⁶³ If unaddressed, the trend will significantly hamper Djibouti’s development path.

Furthermore, female labour force participation has stalled globally, and even declined in some regions, most notably in Central and South Asia and Sub-Saharan Africa. In fact, studies show that female employment declined faster than male during the pandemic.⁶⁴ This is in part due to women being primary employees in more heavily affected fields, such as hospitality, food services and personal care.

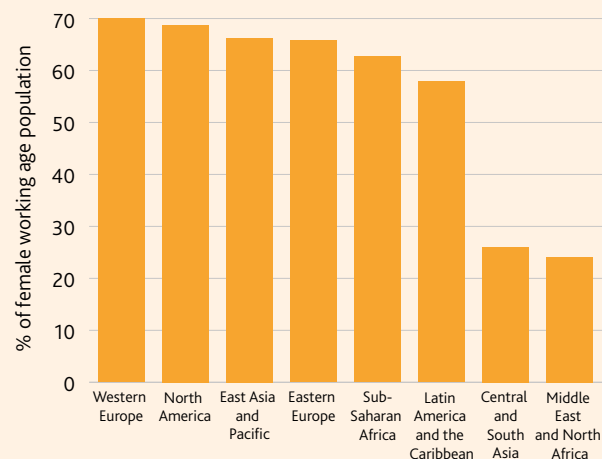
Global youth unemployment, 1991–2021⁶⁵



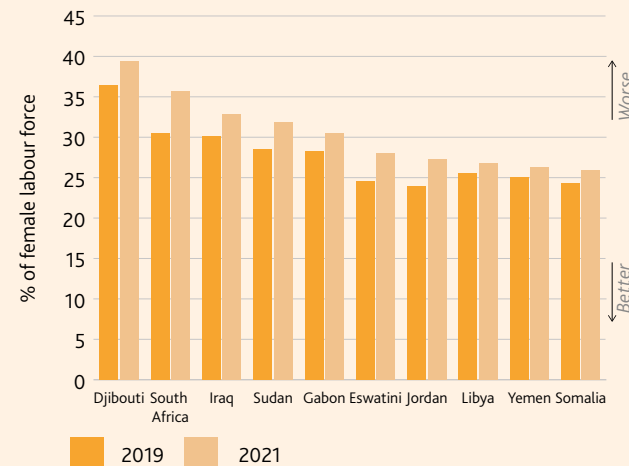
Moreover, during the pandemic many women took on additional responsibilities, including increased childcare, which may prevent them from returning to work. Notably, if unaddressed, the trend could reverse the progress made in gender equality in the labour market over the last decade.⁶⁶

South Africa was one of the countries that experienced an increase in female unemployment post-Covid-19. With almost half of the women (47%) out of the labour force, South Africa has the third highest female unemployment rate in the world.⁶⁷

Female labour force participation, by region, 2019



Female unemployment since Covid-19⁶⁸

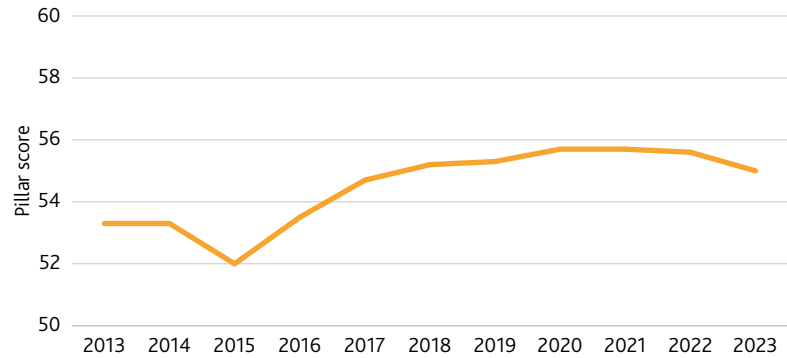




Investment Environment

Investment Environment measures the extent to which investments are protected adequately through the existence of property rights, investor protections and contract enforcement, and also the extent to which a variety of domestic and international capital is available for investment. The more a legal system protects investments, the more that investment can drive economic growth by ensuring that good commercial propositions are investable, and that adequate capital of the right type is available for such investable propositions.

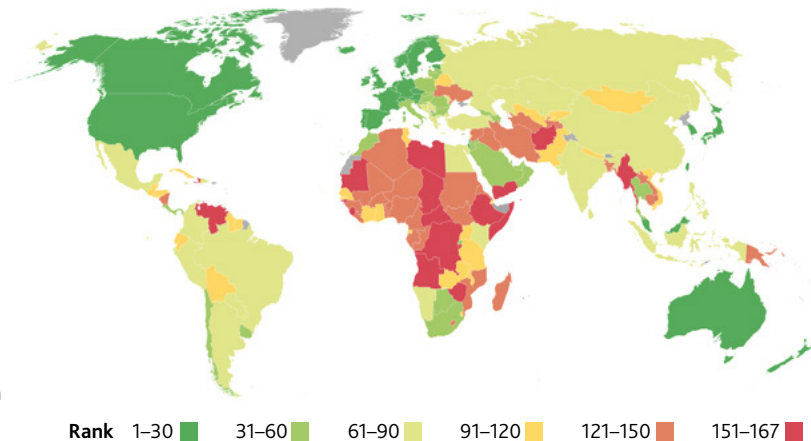
Investment Environment Global trend, 2013–2023



Investment Environment, 2023

Strongest

- 1 Hong Kong
- 2 Finland
- 3 Netherlands
- 4 Singapore
- 5 Japan
- 6 Sweden
- 7 New Zealand
- 8 Denmark
- 9 Norway
- 10 United Kingdom

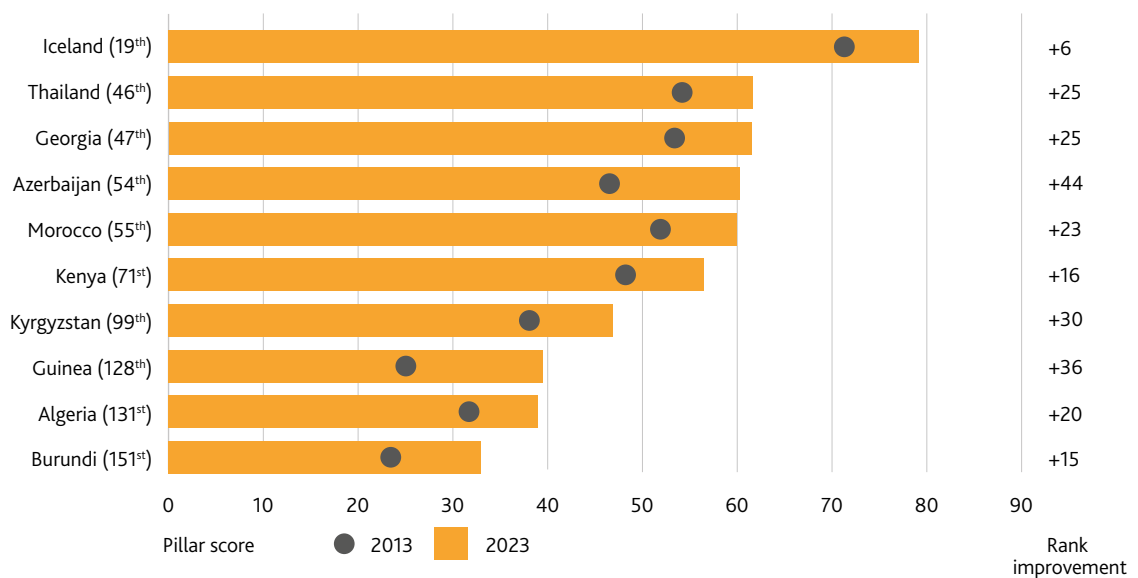


Weakest

- 158 Guinea-Bissau
- 159 Myanmar
- 160 Central African Rep
- 161 Mauritania
- 162 Angola
- 163 Chad
- 164 Haiti
- 165 Yemen
- 166 Dem. Rep. of Congo
- 167 Venezuela

Investment Environment

Most improved countries, 2013–2023 (2023 country rank)





Credit: iStock

Element (weight %)

Indicators

Property Rights (30%) measures how well property rights over land, assets, and intellectual property are protected.

- Regulation of property possession and exchange (BTI)
- Lawful process for expropriation (WJP)
- Protection of property rights (WEF)
- Intellectual property protection (WEF)
- Quality of land administration (WEF)

Investor Protection (20%) assesses the degree of investor protection, from expropriation risk to minority shareholder rights.

- Auditing and reporting standards (WEF)
- Insolvency regulatory framework (WEF)
- Recovery rate of insolvency (WEF)
- Shareholder governance (WEF)
- Regulation of conflict of interest (WEF)

Contract Enforcement (20%) assesses the efficacy and efficiency of a country's system to enforce the rights of a contract holder.

- Alternative dispute resolution mechanisms (WJP)
- Contract intensity (Harvard)
- CPIA property rights and rule-based governance rating (WB-CPIA)

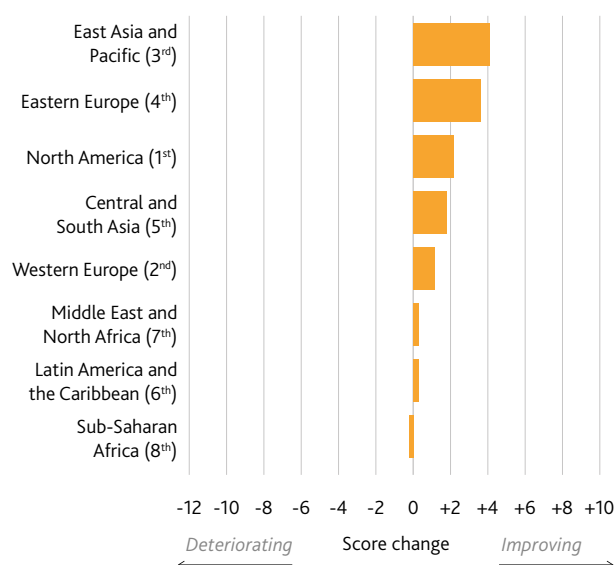
Financing Ecosystem (20%) measures the availability of money for investment, from sources including banking and bank debt to corporate debt and more sophisticated financial markets.

- Quality of banking system and capital markets (BTI)
- Venture capital availability (WEF)
- Soundness of banks (WEF)
- Financing of SMEs (WEF)
- Access to finance (WB-ES)
- Commercial bank branches (IMF-FAS)
- National credit registry coverage (borrowers per 1,000 adults) (WB)

Restrictions on International Investment (10%) assesses the policies that enhance the volume and quality or type of international investment into a country.

- Business impact of rules on FDI (WEF)
- Capital controls (FI)
- Freedom to own foreign currency bank accounts (FI)
- Restrictions on financial transactions (Chinn-Ito)
- Prevalence of foreign ownership of companies (WEF)
- Freedom of foreigners to visit (FI)

Investment Environment Regional change, 2013–2023



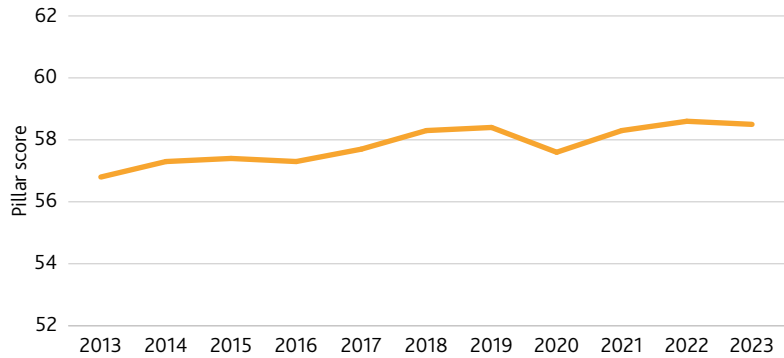
Investment Environment Elements change, 2013–2023



Enterprise Conditions

Enterprise Conditions measures how easy it is for businesses to start, compete and expand. Contestable markets with low barriers to entry are important for businesses to innovate and develop new ideas. This is essential for a dynamic and enterprising economy, where regulation enables business and responds to the changing needs of society.

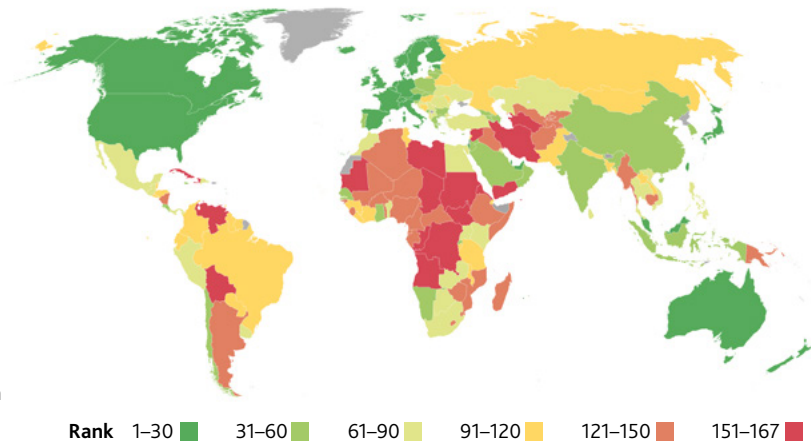
Enterprise Conditions Global trend, 2013–2023



Enterprise Conditions, 2023

Strongest

- 1 Switzerland
- 2 Hong Kong
- 3 United States
- 4 Luxembourg
- 5 Japan
- 6 Germany
- 7 Taiwan, China
- 8 Denmark
- 9 Netherlands
- 10 United Kingdom

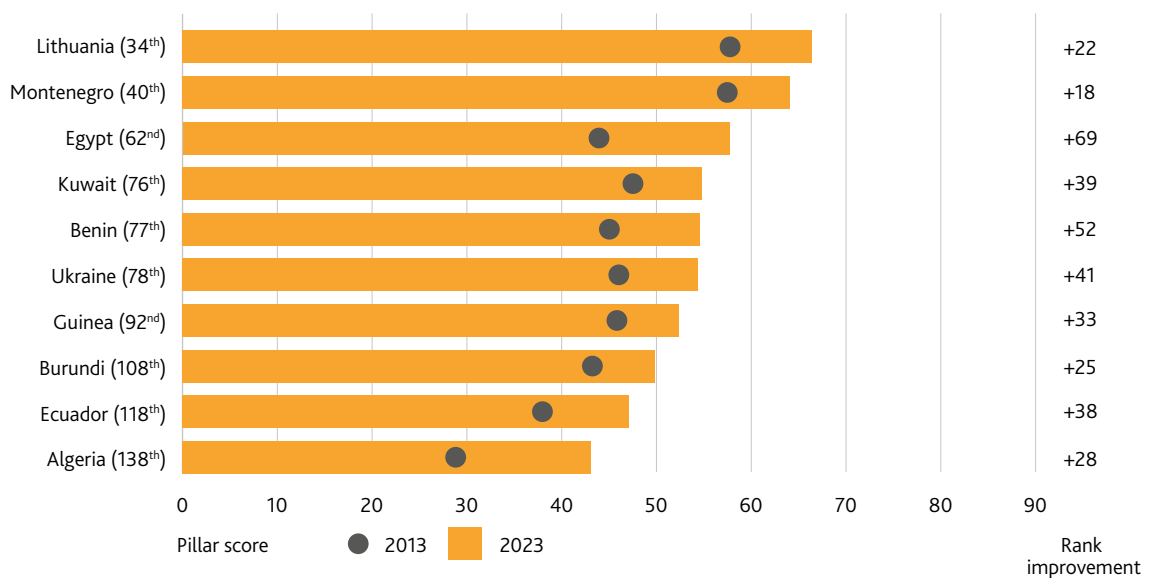


Weakest

- 158 Dem. Rep. of Congo
- 159 Cuba
- 160 Yemen
- 161 Libya
- 162 Iran
- 163 Angola
- 164 Haiti
- 165 Syria
- 166 Mauritania
- 167 Venezuela

Enterprise Conditions

Most improved countries, 2013–2023 (2023 country rank)





Credit: Shutterstock

Element (weight %)

Indicators

Domestic Market Contestability (30%) examines how open the market is to new participants, versus protection of the incumbents.

- Market-based competition (BTI)
- Anti-monopoly policy (BTI)
- Extent of market dominance (WEF)
- State ownership of the economy (V-DEM)

Price Distortions (10%) captures whether competitive markets are disrupted by subsidies and taxes.

- Distortive effect of taxes and subsidies (WEF)
- Energy subsidies (IMF)

Environment for Business Creation (25%) measures the legislative and policy driven factors that encourage entrepreneurialism.

- Private companies are protected and permitted (BTI)
- State of cluster development (WEF)
- Labour skill a business constraint (WB-ES)
- Availability of skilled workers (WEF)

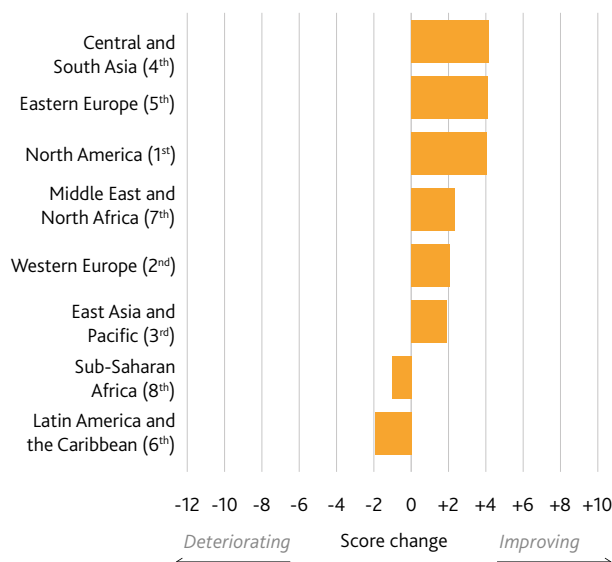
Burden of Regulation (25%) captures how much effort and time are required to comply with regulations, including tax regulations.

- Taxes and bureaucracy (WB-ALT)
- Ease of paying taxes (WEF)
- Time spent complying with regulations (WB-ES)
- Burden of government regulation (WEF)
- Days to obtain a construction related permit (WB-ALT)

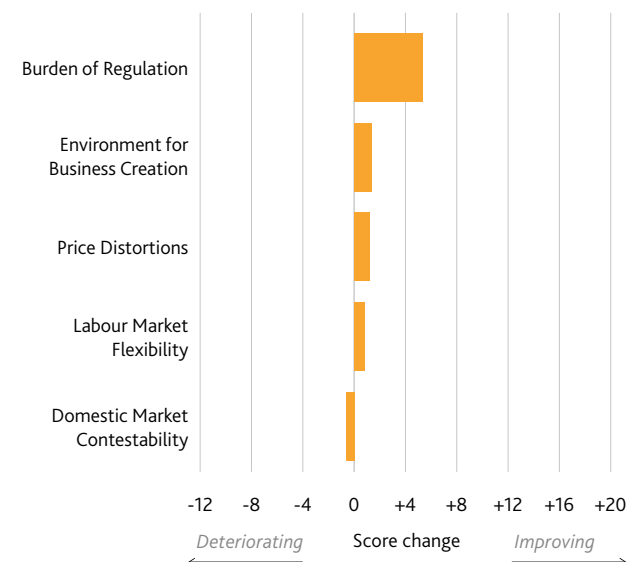
Labour Market Flexibility (10%) measures how dynamic and flexible the workplace is for both employer and employee.

- Cooperation in labour-employer relations (WEF)
- Flexibility of hiring practices (WEF)
- Redundancy costs (WEF)
- Flexibility of employment contracts (WB-ES)
- Flexibility of wage determination (WEF)

**Enterprise Conditions
Regional change, 2013–2023**



**Enterprise Conditions
Elements change, 2013–2023**

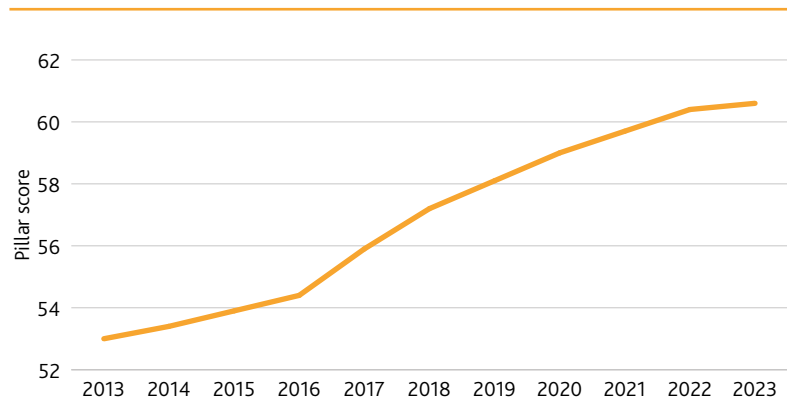




Infrastructure and Market Access

Infrastructure and Market Access measures the quality of the infrastructure (communications, transport, and resources) that enables trade, and the inhibitors on the flow of goods and services to and from a nation's trading partners. Where markets have sufficient infrastructure and few barriers to trade, they can flourish. Such trade leads to more competitive and efficient markets, allowing new products and ideas to be tested, funded, and commercialised, ultimately benefiting consumers through a greater variety of goods at more competitive prices.

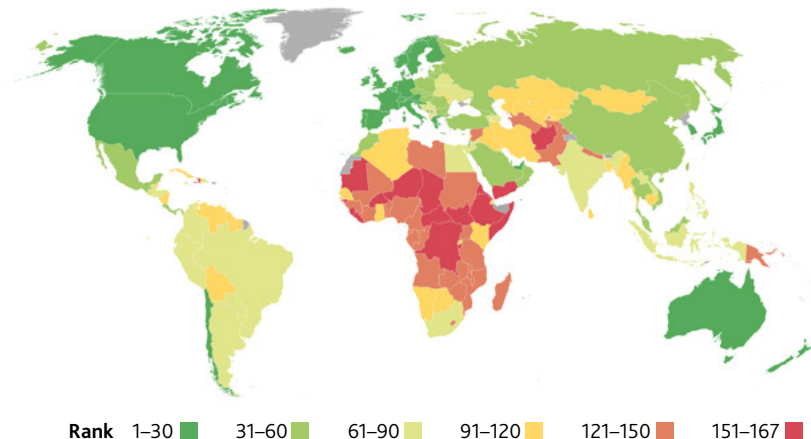
Infrastructure and Market Access Global trend, 2013–2023



Infrastructure and Market Access, 2023

Strongest

- 1 Singapore
- 2 Hong Kong
- 3 Netherlands
- 4 United States
- 5 Germany
- 6 Luxembourg
- 7 Sweden
- 8 Japan
- 9 Denmark
- 10 Finland

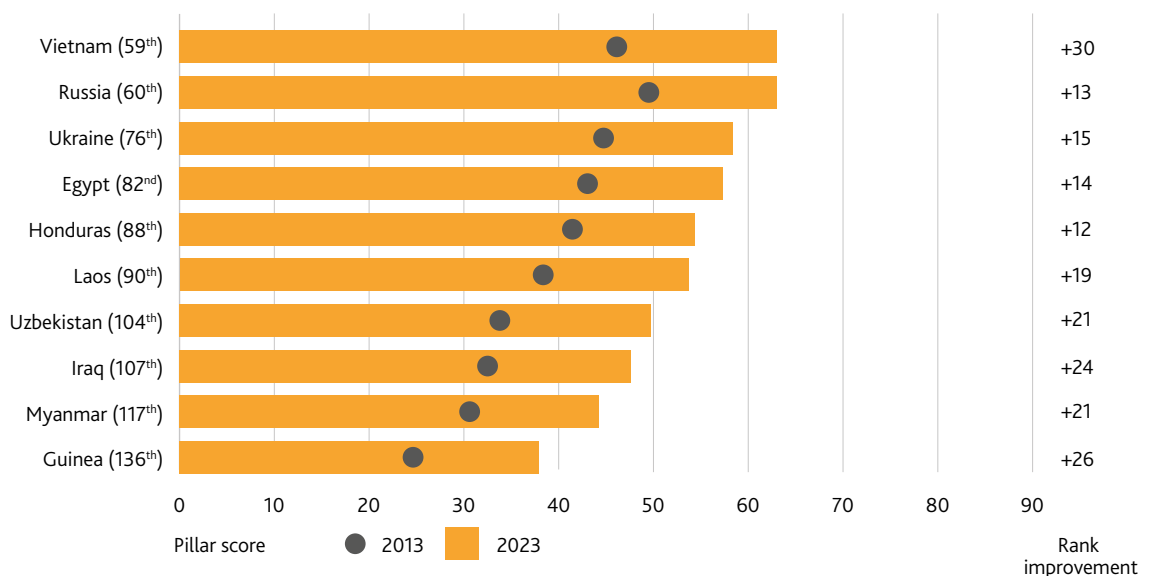


Weakest

- 158 Sierra Leone
- 159 Afghanistan
- 160 Ethiopia
- 161 Eritrea
- 162 Dem. Rep. of Congo
- 163 Liberia
- 164 Niger
- 165 Somalia
- 166 Central African Rep
- 167 Chad

Infrastructure and Market Access

Most improved countries, 2013–2023 (2023 country rank)



Element (weight %)

Indicators

Communications (25%) assesses the means of communication and how widespread access to communication is.

- International internet bandwidth (ITU)
- 2G, 3G and 4G network coverage (GSMA)
- Fixed broadband subscriptions (ITU)
- Internet usage (ITU)

Energy (15%) assesses the quality, reliability and affordability of the energy network in a country.

- Installed electric capacity (UNESD)
- Number of electrical outages in a typical month (WB-ES)
- Average duration of a typical electrical outage (WB-ES)
- Time to obtain an electrical connection upon application (WB-ES)

Water (10%) assesses the access to, and use of, water resources.

- Gross fixed water assets (IBNET)
- Water production (IBNET)
- Reliability of water supply (WEF)

Transport (25%) assesses the ease and efficiency with how people and goods travel between and within countries. This is a measure of the quality, diversity and penetration of all forms of transport.

- Logistics performance (WB-LPI)
- Airport connectivity (WEF)
- Efficiency of seaport services (WEF)
- Liner shipping connectivity (UNCTAD)
- Quality of roads (WEF)
- Road density (FAO)
- Rail density (UIC)

Border Administration (5%) measures the time and administrative cost of a country's customs procedures.

- Efficiency of customs clearance process (WB-LPI)
- Number of documents required to be filled out for exports (WB-LPI)
- Number of documents required to be filled out for imports (WB-LPI)
- Clearance time with physical inspection (WB-LPI)
- Average time to clear exports through customs (days) (WB-ES)

Open Market Scale (5%) measures the size of the market to which providers of goods and services have privileged access.

- Domestic and international market access for goods (WTO)
- Domestic and international market access for services (WTO)
- Trade-weighted average tariff faced in destination markets (WEF)
- Margin of preference in destination markets (WEF)

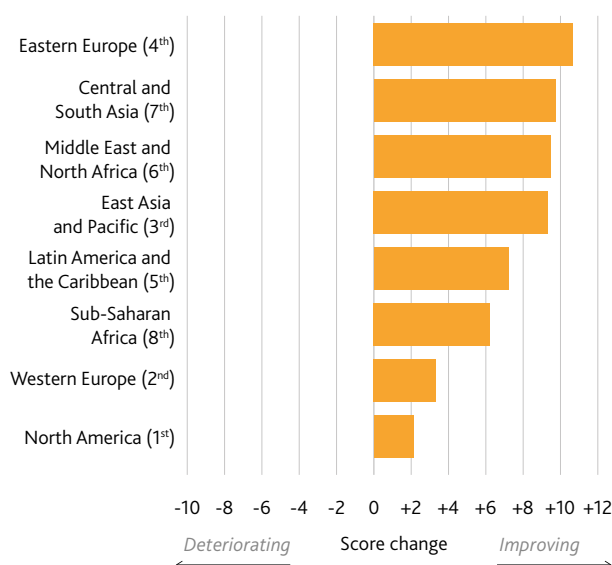
Import Tariff Barriers (5%) assesses the fees associated with trading products and services across borders, raising an income for government and making foreign goods more expensive.

- Share of imports free from tariff duties (WEF)
- Average applied tariff rate (WEF)
- Complexity of tariffs (WEF)

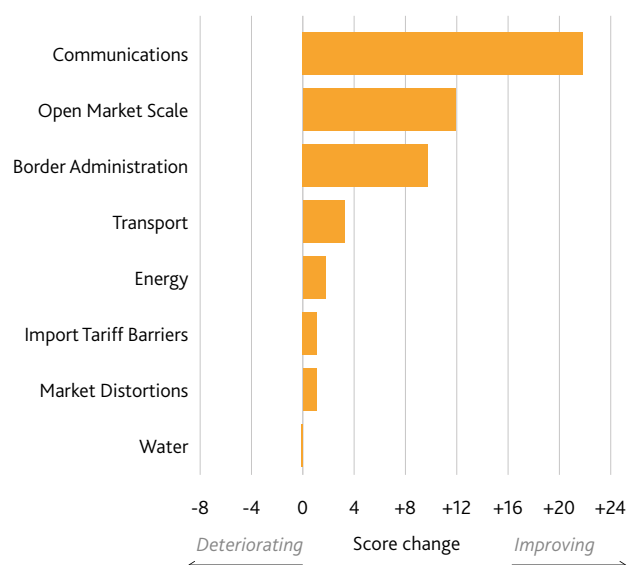
Market Distortions (10%) captures how competitive markets are disrupted by subsidies, taxes and non-tariff barriers to trade. Evaluates the extent of market liberalisation of foreign trade, non-tariff barriers, and the distortive effects of taxes and subsidies.

- Extent of liberalisation of foreign trade (BTI)
- Prevalence of non-tariff barriers (WEF)
- Non-tariff measures (UNCTAD)

Infrastructure and Market Access Regional change, 2013–2023



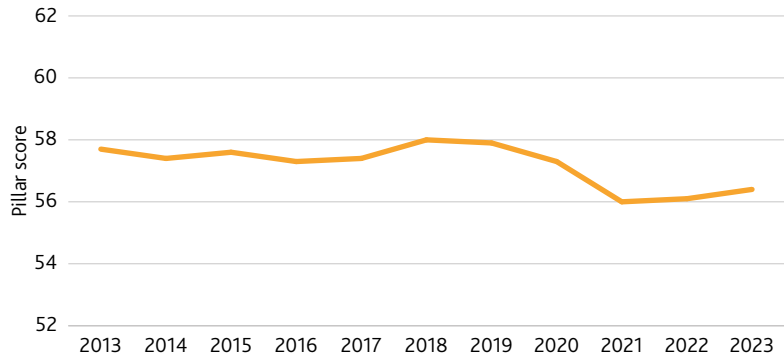
Infrastructure and Market Access Elements change, 2013–2023



Economic Quality

Economic Quality measures how well a country's economy is equipped to generate wealth sustainably and with the full engagement of its workforce. A strong economy is dependent on the production of a diverse range of valuable goods and services and high labour force participation.

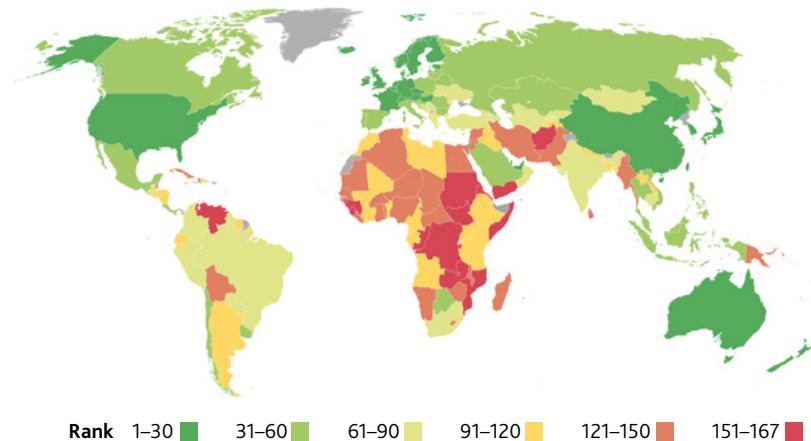
Economic Quality Global trend, 2013–2023



Economic Quality, 2023

Strongest

- 1 Singapore
- 2 Switzerland
- 3 Hong Kong
- 4 Ireland
- 5 Norway
- 6 Luxembourg
- 7 Denmark
- 8 Sweden
- 9 South Korea
- 10 Netherlands

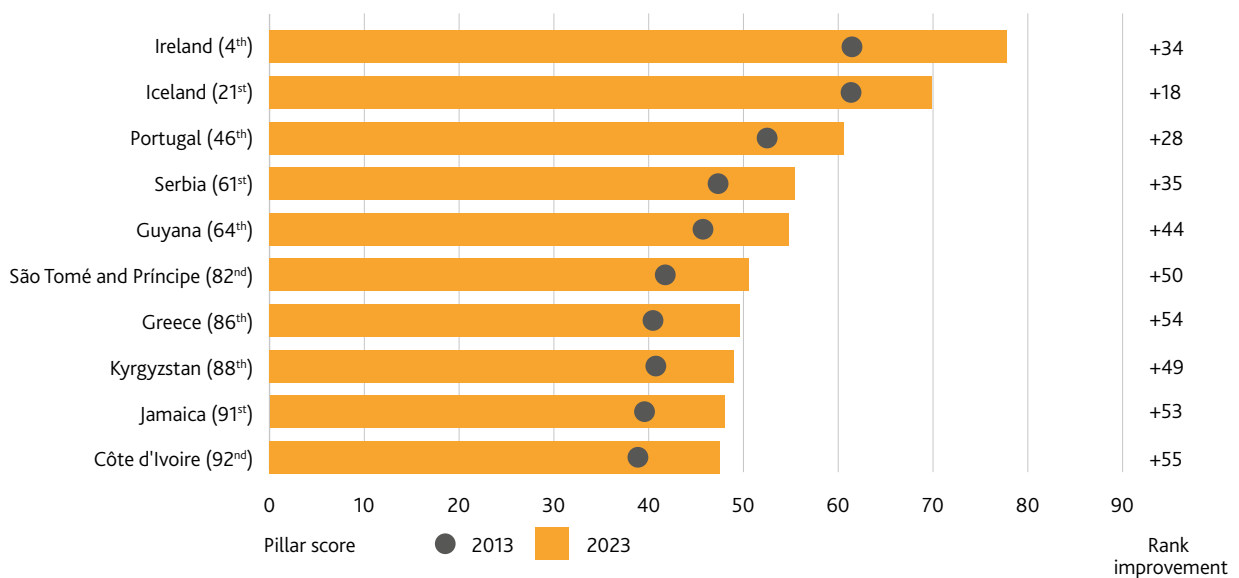


Weakest

- 158 Mozambique
- 159 Dem. Rep. of Congo
- 160 South Sudan
- 161 Lebanon
- 162 Zambia
- 163 Burundi
- 164 Yemen
- 165 Somalia
- 166 Venezuela
- 167 Sudan

Economic Quality

Most improved countries, 2013–2023 (2023 country rank)





Element (weight %)

Fiscal Sustainability (25%) assesses the ability of a government to sustain its current spending, tax, and other policies in the medium-to-long-term.

Macroeconomic Stability (10%) measures two key elements of the economy — the GDP per capita growth rate, and the volatility of the inflation rate. Both are taken as a five-year trailing average.

Productivity and Competitiveness (30%) captures the efficiency with which inputs can be converted into outputs. Competition enhances productivity by forcing firms to innovate new ways to reduce cost and time constraints.

Dynamism (15%) measures the churn of businesses — the number of new start-ups entering and failed firms exiting an economy.

Labour Force Engagement (20%) covers the intersection of demography and the workforce, including the rates of unemployment and gender ratios.

Indicators

- Government budget balance (IMF-WEO)
- Government debt (IMF-WEO)
- Country credit rating (TE)
- Country risk premium (AD)
- Gross savings (WB-DI & OECD)

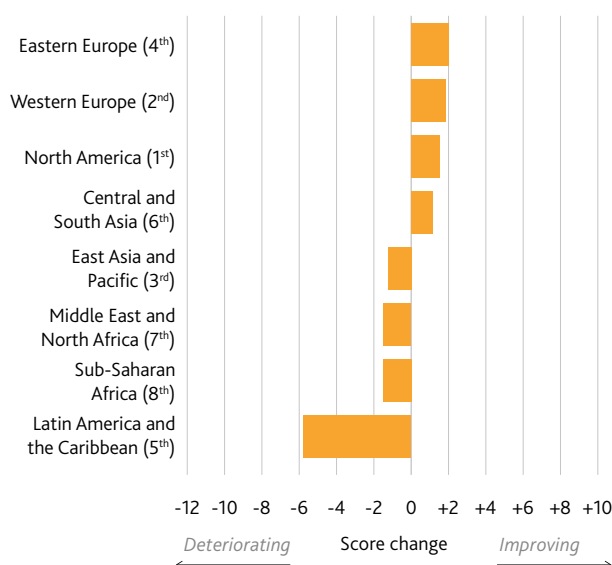
- GDP per capita growth (WB-DI & OECD)
- Inflation volatility (IMF)

- Labour productivity (ILO)
- Economic complexity (ECI)
- Export quality (IMF)
- High-tech manufactured exports (UNCOM)

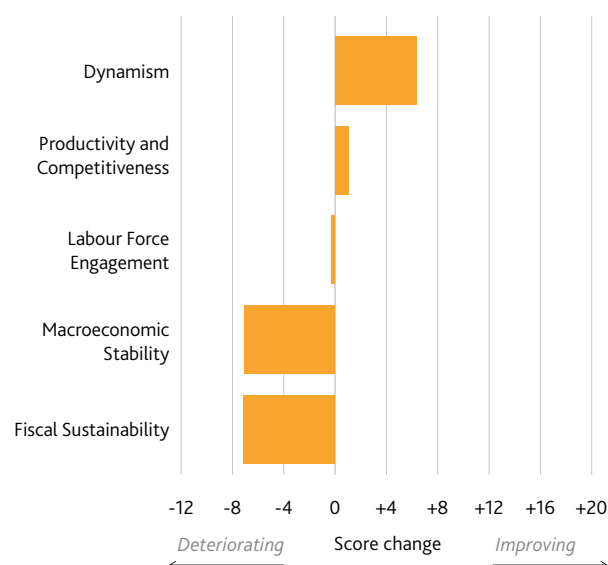
- New business density (WB-ES)
- Patent applications (WIPO)
- Capacity to attract talented people (WEF)

- Labour force participation (ILO)
- Female labour force participation (ILO)
- Waged and salaried workers (ILO)
- Unemployment (ILO)
- Youth unemployment (ILO)

Economic Quality Regional change, 2013–2023



Economic Quality Elements change, 2013–2023





Empowered People

Empowered People captures the quality of people's lived experiences and the features present that enable individuals to reach their full potential through autonomy and self-determination.

This domain starts with the necessary resources required for a basic level of wellbeing, ranging from levels of material resources, to adequate nutrition, to basic health and education outcomes, access, and quality, and to a safe and clean environment. Many of these issues are inter-related, and we find one of the strongest relationships between education and living conditions. Each of the pillars in this domain differentiates countries' performance on these fundamental measures of social wellbeing to distinguish where greater numbers of people are disadvantaged and less likely to achieve wellbeing.

We examine the fundamental aspects of empowered people across four pillars, each with component elements.

Living Conditions measures the set of conditions or circumstances that are necessary for all individuals to attain a basic level of wellbeing. This set of circumstances includes a level of material resources, adequate nutrition and access to basic services and shelter. It also measures the level of connectedness of the population, and the extent to which they are in a safe living and working environment (protection from harm). These enable the individual to be a productive member of society and to pursue prosperity, and build a flourishing life.

Health measures the basic services in a nation and health outcomes of a population – including the quality of both mental health and physical health, each of which affects longevity. It also assesses the set of behavioural risk factors that affect the quality of the population's health and the quality of the healthcare provision through the lenses of care systems and preventative interventions. For a nation to truly prosper, its residents must have good health. Those who enjoy good physical and mental health report high levels of wellbeing, while poor health keeps people from fulfilling their potential.

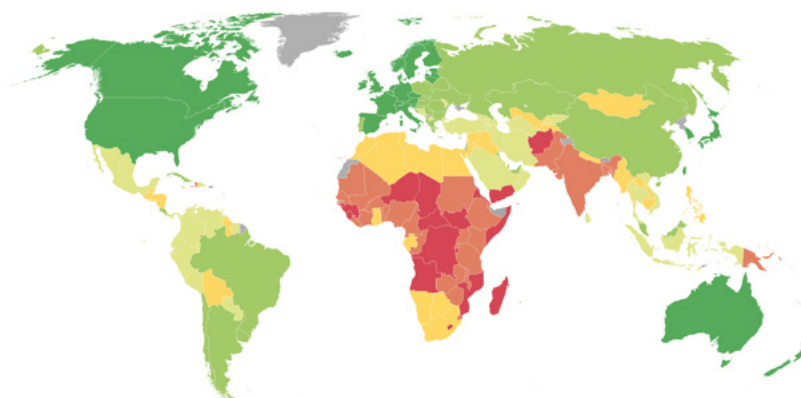
Education measures the enrolment, outcomes and quality of four stages of education (pre-primary, primary, secondary, and tertiary education) as well as the adult skills in the population. Education allows people to lead more fulfilling lives, and a better educated population is more able to contribute to society. Over the long term, education can help to drive economic development and growth while improving social and health outcomes, as well as leading to greater civic engagement.

Natural Environment measures the elements of the physical environment that have a direct impact on the ability of residents to flourish in their daily lives. We also measure the extent to which the ecosystems that provide resources for extraction (freshwater and forest, land and soil) are sustainably managed. A well-managed rural environment yields crops, material for construction, wildlife and food, and sources of energy. We also measure the extent of preservation efforts, as these are critical to longer-term sustainability.

Empowered People, 2023

Strongest

- 1 Sweden
- 2 Finland
- 3 Denmark
- 4 Switzerland
- 5 Norway
- 6 Japan
- 7 Iceland
- 8 Germany
- 9 Australia
- 10 Austria



Rank 1–30 ■ 31–60 ■ 61–90 ■ 91–120 ■ 121–150 ■ 151–167 ■

Weakest

- 158 Dem. Rep. of Congo
- 159 Sierra Leone
- 160 Eritrea
- 161 Guinea-Bissau
- 162 Afghanistan
- 163 Niger
- 164 Somalia
- 165 Chad
- 166 South Sudan
- 167 Central African Republic

Rising Health, Education and Living Conditions around the world

All regions saw progress in all pillars under Empowered People, other than MENA and Sub-Saharan Africa in Natural Environment and Latin America and the Caribbean in Health. Furthermore, less prosperous countries are converging with the more prosperous ones in Living Conditions, Health and Education (but not in Natural Environment).

How the health sector presents a success story despite Covid-19

The recent Covid-19 pandemic has reminded the world of the importance of health to personal and societal wellbeing. Nonetheless, while the last few years have been grim, looking at the past decade, health continues to improve and converge across all countries. The least prosperous countries in 2013 have been converging with the most prosperous ones for health. For instance, over the last 10 years, the weakest-performing region, Sub-Saharan Africa, has gained on Western Europe and North America, which are the best-performing regions.

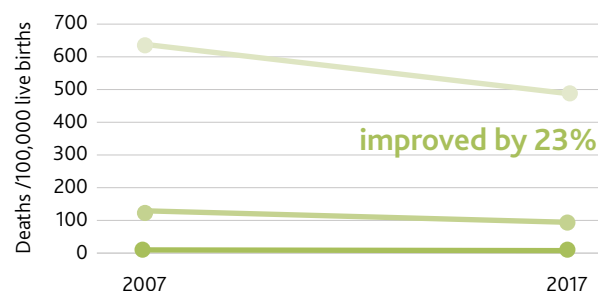
In the last decade, the bottom 40 countries saw life expectancy at 60 increase from 76.1 to 77 years. Moreover, mortality rates have decreased across all life stages in the bottom 40.

One region where this has had a significant effect is Sub-Saharan Africa, where over 10 years maternal mortality has fallen from 608 to 514 deaths per 100,000 live births. Meanwhile the global average has decreased from 164 to 138 in the same period – a decrease that is almost four times smaller than that experienced in Sub-Saharan Africa.

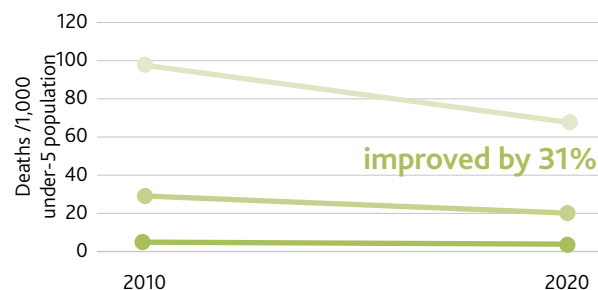
Similarly, preventative interventions have improved during the decade, with some Sub-Saharan countries making particularly large jumps in vaccination levels. For example, Chad’s vaccination levels increased by 8% since 2019, amidst the pandemic causing a set-backs in other countries.⁶⁹ Three factors allowed Chad to achieve this change: investing in cold-chain equipment, recruiting healthcare personnel and generating demand.

On the other hand, while preventative interventions saw an overall improvement, recently there have been some signs of deterioration. For example, while vaccination rates for measles improved from 81% in 2008 to 86% in 2018,⁷⁰ they have been declining recently. For instance, overall, Sub-Saharan Africa has slowed in its rate of progress, particularly for measles and hepatitis immunisation.

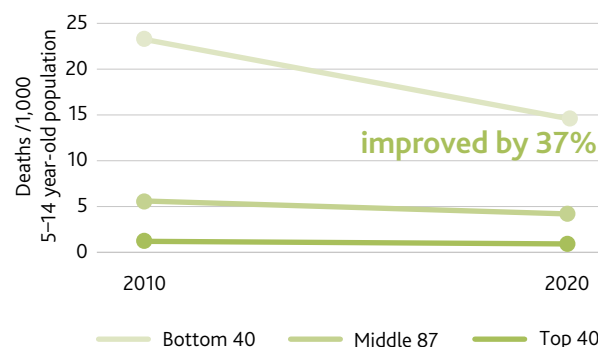
Maternal mortality, 2007–2017



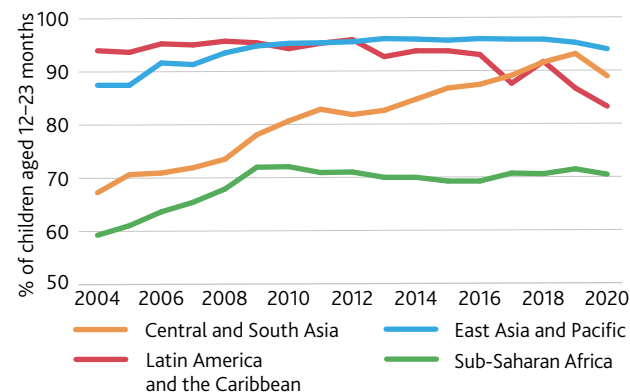
Under-5 mortality, 2010–2020



5–14 mortality, 2010–2020



Immunisations (selected regions)



There are multiple lessons that can be learnt from the successful decade in the health sector. First, basic improvements in health are achievable for virtually all countries. There are enough resources, international support and know-how to deliver basic interventions that increase life expectancy and improve the health of a population. Additionally, there is little political controversy and disagreement regarding basic health initiatives.

As the data for immunisations show, national problems, indifference, or international challenges (such as a pandemic) can undermine hard-earned progress achieved over many years. Hence, basic health interventions cannot be taken for granted and must be maintained.

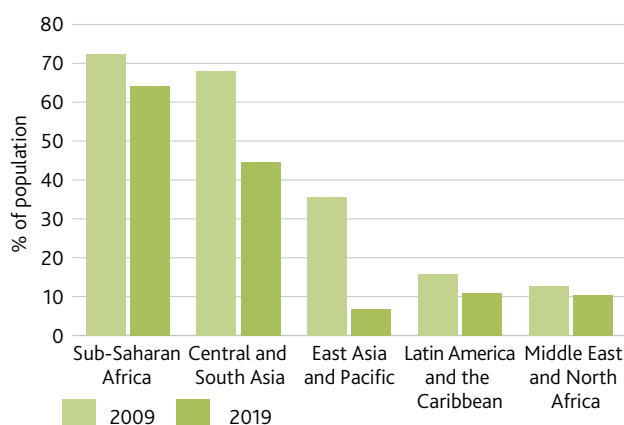
How lower poverty and better services are leading to better lives

Looking at the past decade, it is evident that life has continued to improve for people around the world, with the bottom 40 countries seeing progress and convergence with the rest of the world on all aspects of Living Conditions.

People's access to material resources continues to progress and severe poverty is dropping. The poverty rate for those living on \$1.90 a day has fallen from 16.9% to 8.6% in the last decade with the largest decreases in Central and South Asia and East Asia and the Pacific. There has also been convergence in poverty levels and the bottom 40 countries in 2013 are much closer to the rest of the world in 2023.

The significant efforts made in the last decade to reduce extreme poverty have been successful. Looking at less-severe levels of poverty (\$5.50 a day), the overall trend continues to improve as well. However, there has been considerable divergence. Although some countries have reduced less-severe poverty, the improvement of the worst-performing countries is not fast enough to catch up to the rest. While the countries that were at such poverty rates in 2013 have improved, they are even further behind today due to the rest of the countries improving even faster. The focus on poverty reduction, rather than building prosperity, has not brought the desired results.

Poverty rates

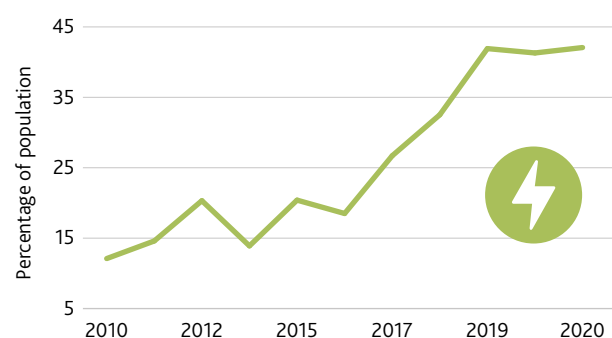


Sub-Saharan Africa and Central and South Asia are far behind the rest of the world, while MENA has seen an increase in the percentage of people who live on less than \$5.50 per day. Since many countries in MENA depend on Russia and Ukraine for wheat imports, the war in Ukraine has increased inflationary pressures in the region, which is already characterised by drought and conflict.⁷¹

Meanwhile, Basic Services such as access to electricity, water and sanitation have continued to improve, with Central and South Asia, Sub-Saharan Africa, and East Asia and the Pacific recording the largest increases. Access to basic sanitation services has increased from 45% to 71% over 10 years in Central and South Asia and from 77% to 91% in East Asia and the Pacific, leading to convergence.

In the last decade, African countries experienced significant increases in access to electricity. For example, in Uganda, access to electricity tripled from 12% in 2010 to 42% in 2020.⁷² Recently, the country launched a last-mile connectivity project, aimed at increasing rural electricity access, which according to the government has increased it to 57%.⁷³

Access to electricity in Uganda, 2010–2020



The challenges ahead

It is important to note that there are multiple challenges that could prevent further progress.

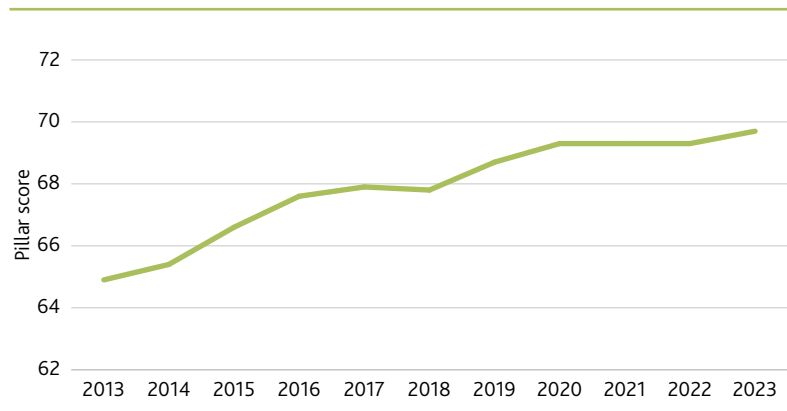
- The effects of global crises such as Covid-19 and the war in Ukraine continue to persist in multiple elements, including mental health, where the full effects of these shocks are still unknown.
- While convergence between the bottom and top 40 groups is evident, the process is slow, and at this pace, it will take another century to see full convergence.
- Current improvements are evident in technical and largely non-contentious areas, such as basic immunisations. Meanwhile, areas where real social change is required have not seen an equal improvement.
- Evidence from the countries that have improved the most shows that progress is dependent on upstream change and government performance⁷⁴ that is not always easy to achieve.



Living Conditions

Living Conditions measures whether a reasonable quality of life is extended to the whole population, which is necessary for a nation to be prosperous. This includes several key areas — in addition to material resources, people must also have access to adequate shelter and a healthy diet, basic services such as electricity, clean water and sanitation, safety at work and in their lived environment, and the ability to connect and engage in core activities in society.

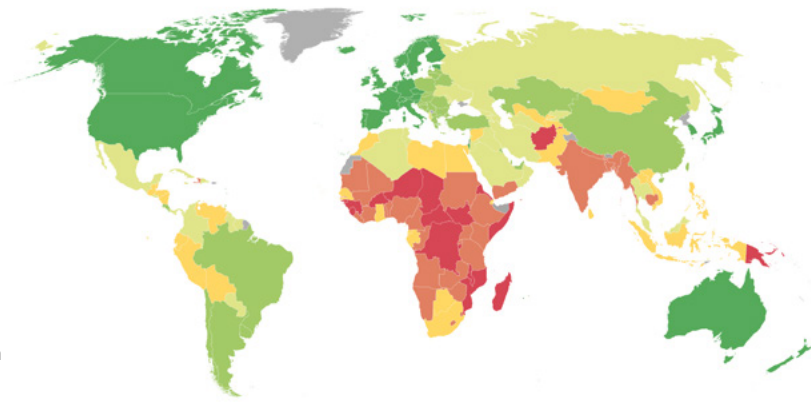
Living Conditions
Global trend, 2013–2023



Living Conditions, 2023

Strongest

- 1 Netherlands
- 2 Denmark
- 3 Sweden
- 4 Norway
- 5 Switzerland
- 6 Luxembourg
- 7 Finland
- 8 Germany
- 9 United Kingdom
- 10 Iceland



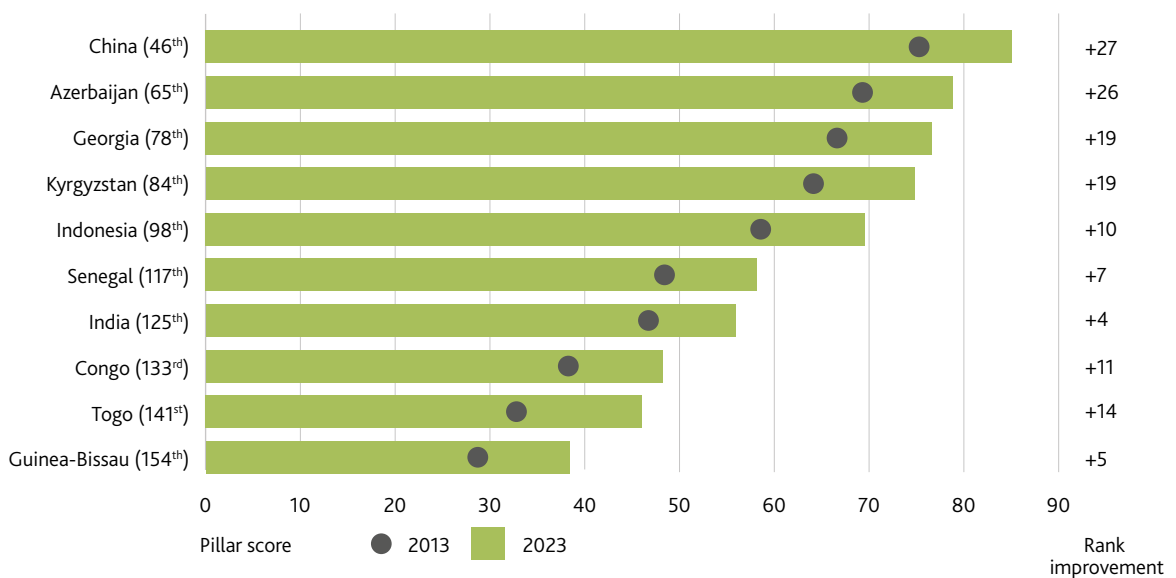
Weakest

- 158 Papua New Guinea
- 159 Somalia
- 160 Niger
- 161 Chad
- 162 Eritrea
- 163 Dem. Rep. of Congo
- 164 Madagascar
- 165 Burundi
- 166 South Sudan
- 167 Central African Rep

Rank 1–30 ■ 31–60 ■ 61–90 ■ 91–120 ■ 121–150 ■ 151–167 ■

Living Conditions

Most improved countries, 2013–2023 (2023 country rank)





Element (weight %)

Indicators

Material Resources (20%) measures the proportion of individuals with the minimum amount of resources that is necessary to survive and attain wellbeing. Reliability of income is captured here, as well as the resilience against economic shocks.

- Poverty rate at national poverty lines (WB-DI)
- Poverty rate at \$1.90 a day (WB-DI)
- Poverty rate at \$3.20 a day (WB-DI)
- Poverty rate at \$5.50 a day (WB-DI)
- Households with a refrigerator (GDL)
- Ability to source emergency funds (WB-GFI)
- Ability to live on household income (Gallup)

Nutrition (20%) measures the availability, adequacy and diversity of food intake required for individuals to participate in society, ensure cognitive development, and avoid potentially long-term health impacts.

- Availability of adequate food (Gallup)
- Prevalence of undernourishment (FAO)
- Prevalence of wasting in children under-5 (UNICEF, WHO, WB-DI)
- Prevalence of stunting in children under-5 (UNICEF, WHO, WB-DI)

Basic Services (10%) captures the access to, as well as the availability and quality of, the basic utility services necessary for human wellbeing.

- Access to electricity (IEA, IRENA, UNSD, WHO)
- Access to basic water services (JMP)
- Access to piped water (JMP)
- Access to basic sanitation services (JMP)
- Unsafe water, sanitation or hygiene (IHME)

Shelter (20%) reflects the quality of accommodation and the impact of the accommodation environment on the health of residents.

- Availability of adequate shelter (Gallup)
- Housing deprivation (OPHI)
- Access to clean fuels and technologies for cooking (WHO)
- Indoor air quality (IHME)

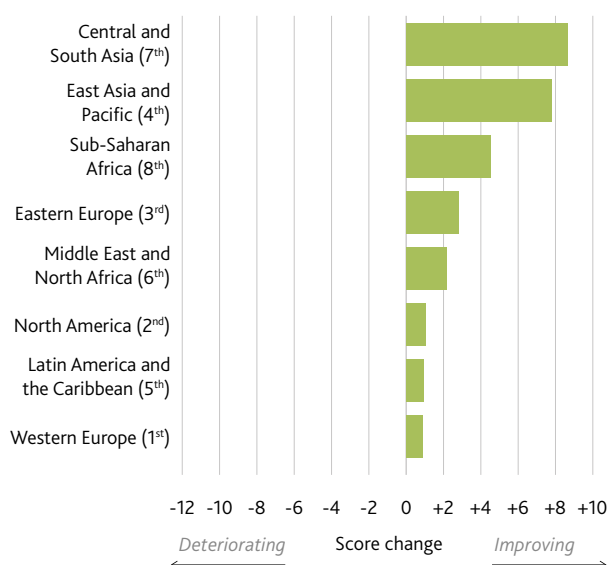
Connectedness (15%) captures the extent to which individuals are able to participate in the normal activities in which citizens of a society engage, digitally and physically.

- Access to a bank account (WB-GFI)
- Use of digital payments (WB-GFI)
- Access to a cellphone (GDL)
- Rural access to roads (RAI)
- Satisfaction with public transportation (Gallup)
- Satisfaction with roads and highways (Gallup)

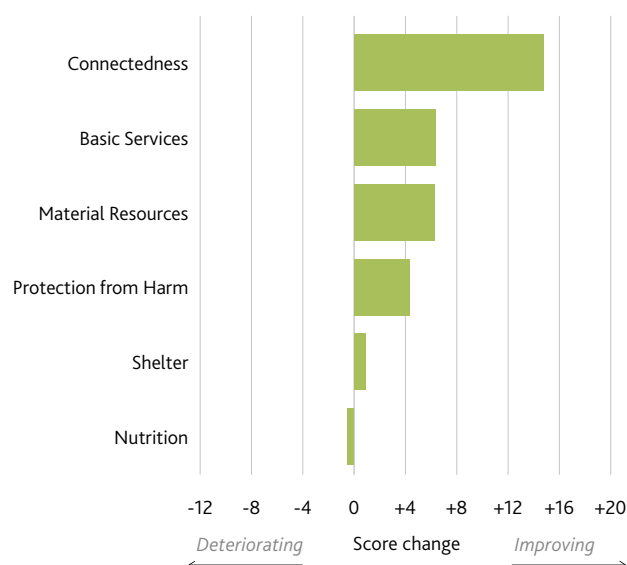
Protection from Harm (15%) captures the safety of the environment that individuals live and work in; measuring injuries and accidental deaths from work-placed based activities and from natural disasters.

- Death and injury from road traffic accidents (IHME)
- Death and injury from forces of nature (IHME)
- Unintentional death and injury (GBD)
- Occupational mortality (ILO)

**Living Conditions
Regional change, 2013–2023**



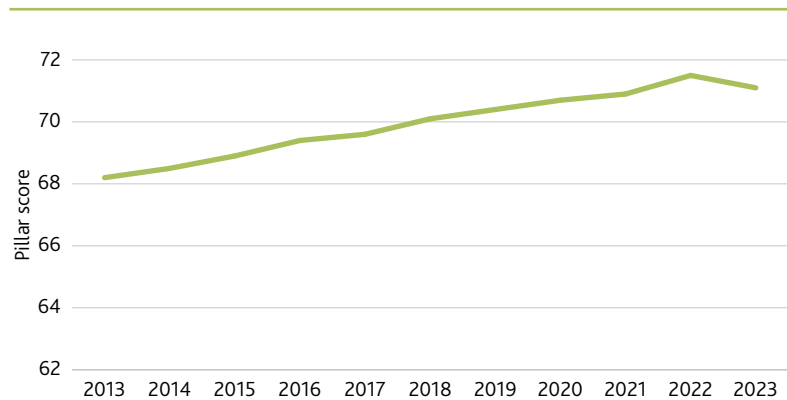
**Living Conditions
Elements change, 2013–2023**



Health

Health measures the extent to which people are healthy and have access to the necessary services to maintain good health. Those who enjoy good physical and mental health report high levels of wellbeing, whilst poor health provides a major obstacle to people fulfilling their potential. The coverage and accessibility of effective healthcare, combined with behaviours that sustain a healthy lifestyle, are critical to both individual and national prosperity.

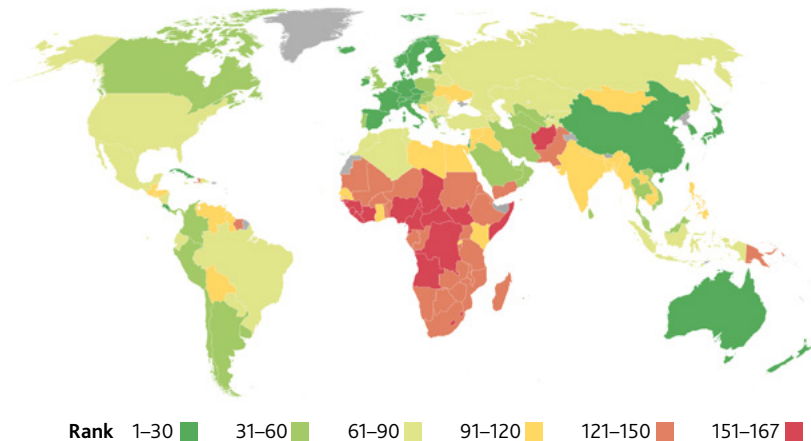
Health Global trend, 2013–2023



Health, 2023

Strongest

- 1 Singapore
- 2 Japan
- 3 South Korea
- 4 Taiwan, China
- 5 China
- 6 Israel
- 7 Norway
- 8 Iceland
- 9 Sweden
- 10 Switzerland

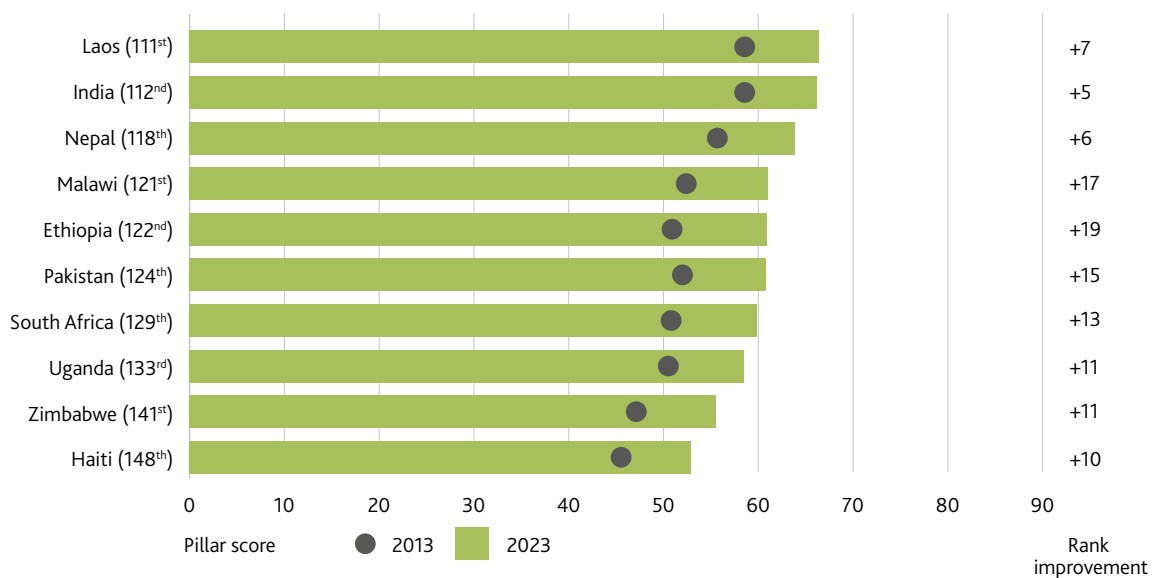


Weakest

- 158 Angola
- 159 Guinea
- 160 Liberia
- 161 Eswatini
- 162 Sierra Leone
- 163 Somalia
- 164 Lesotho
- 165 Chad
- 166 South Sudan
- 167 Central African Rep

Health

Most improved countries, 2013–2023 (2023 country rank)



Element (weight %)

Indicators

Behavioural Risk Factors (10%) assesses the set of lifestyle patterns moulded by a complex set of influences that increase the likelihood of developing disease, injury or illness, or of suffering from premature death.

- Obesity (WHO-GDO)
- Smoking (WHO)
- Substance use disorders (GBD)

Preventative Interventions (15%) measures the extent to which a health system prevents diseases, illnesses and other medical complications from occurring, to save many children and adults from an early death.

- Diphtheria immunisation (WHO & UNICEF)
- Measles immunisation (WHO & UNICEF)
- Hepatitis immunisation (WHO & UNICEF)
- Contraceptive prevalence (UNPD)
- Antenatal care coverage (UNICEF)
- Existence of national screening programs (WHO)

Care Systems (15%) assesses the ability of a health system to treat and cure diseases and illnesses, once they are present in the population.

- Healthcare coverage (ILO)
- Health facilities (WHO)
- Health practitioners and staff (WHO)
- Births attended by skilled health staff (UNICEF)
- Tuberculosis treatment coverage (WHO)
- Antiretroviral HIV therapy (UNAIDS)
- Satisfaction with healthcare (Gallup)

Mental Health (10%) captures the level and burden of mental illness on the living population. Mental health can have a significant impact on an individual's wellbeing and ability to participate effectively in the labour market.

- Emotional wellbeing (Gallup)
- Depressive disorders (GBD)
- Suicide (WHO)

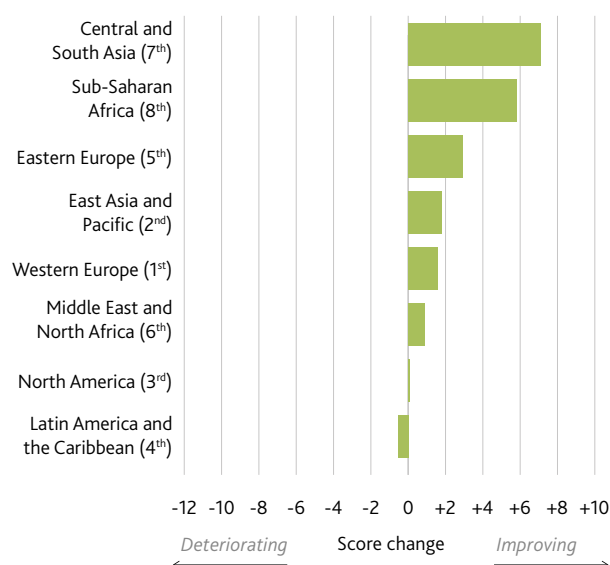
Physical Health (20%) captures the level and burden of physical illness on the living population. Physical health can have a significant impact on an individual's wellbeing and ability to participate effectively in the labour market.

- Physical pain (Gallup)
- Health problems (Gallup)
- Communicable diseases (GBD)
- Non-communicable diseases (GBD)
- Raised blood pressure (WHO)

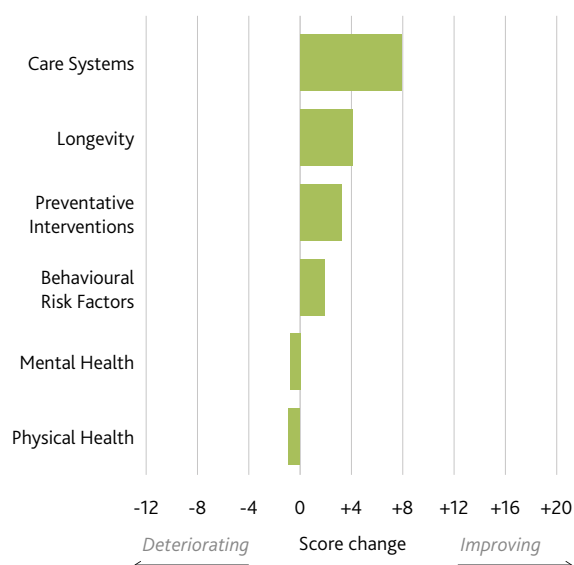
Longevity (30%) measures the mortality rate of a country's population through different stages of life.

- Maternal mortality (WHO, UNICEF, UNFPA, WB-DI, UNPD)
- Under 5 mortality (UNIGME)
- 5–14 mortality (UNIGME)
- 15–60 mortality (WHO)
- Life expectancy at 60 (WHO)

Health Regional change, 2013–2023



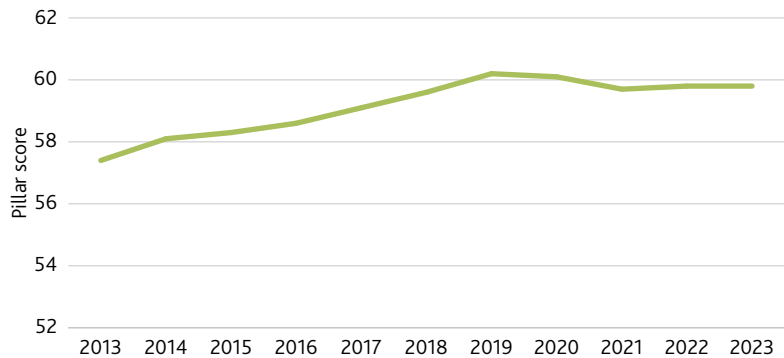
Health Elements change, 2013–2023



Education

Education is a building block for prosperous societies; the accumulation of skills and capabilities contributes to economic growth. Education provides the opportunity for individuals to reach their potential, and a more fulfilled and prosperous life. A better-educated population also leads to greater civic engagement and improved social outcomes — such as better health and lower crime rates.

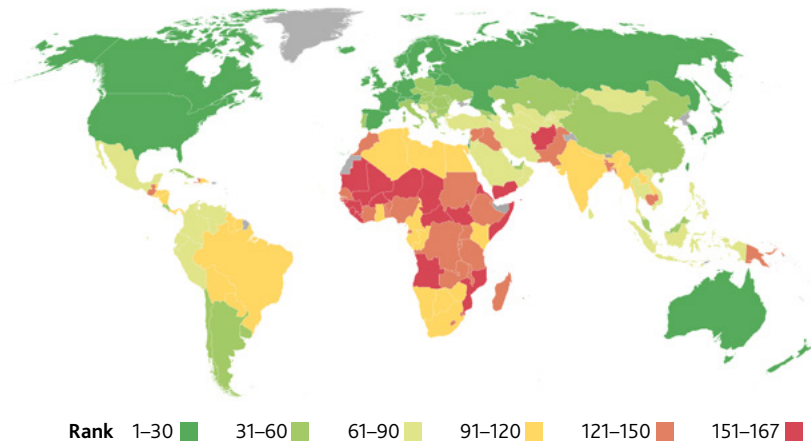
Education Global trend, 2013–2023



Education, 2023

Strongest

- 1 Singapore
- 2 Finland
- 3 South Korea
- 4 Switzerland
- 5 Denmark
- 6 Netherlands
- 7 Australia
- 8 Sweden
- 9 Hong Kong
- 10 Norway

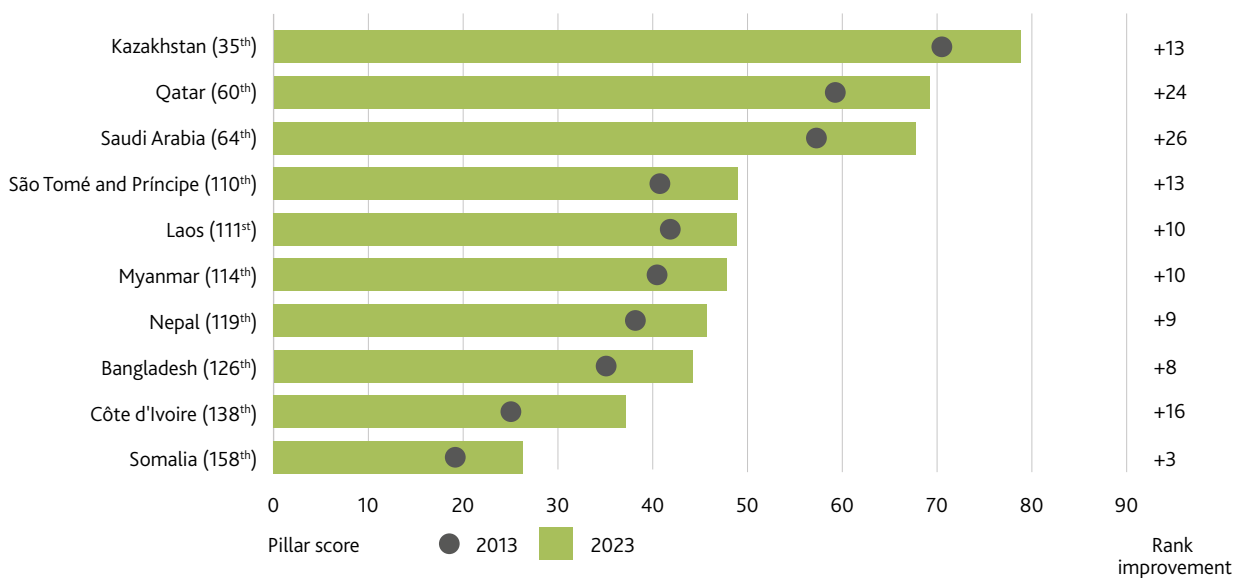


Weakest

- 158 Somalia
- 159 Liberia
- 160 Mozambique
- 161 Burkina Faso
- 162 Guinea-Bissau
- 163 Mali
- 164 South Sudan
- 165 Central African Rep
- 166 Chad
- 167 Niger

Education

Most improved countries, 2013–2023 (2023 country rank)





Credit: Shutterstock

Element (weight %)

Pre-Primary Education (5%) supports the development of linguistic, cognitive, social and emotional skills. Students who participate in pre-primary education are more likely to make it through secondary education and less likely to repeat grades.

Primary Education (20%) provides pupils the opportunity to develop their cognitive, social, emotional, cultural and physical skills, preparing them for their further school career. Most critically, this includes core literacy and numeracy skills.

Secondary Education (30%) More years of higher quality education has been shown to increase life outcomes in both economic and social terms. Beyond attending and completing school, obtaining good test scores are a strong indicator of cognitive ability and is a strong determinant of better economic performance of a country.

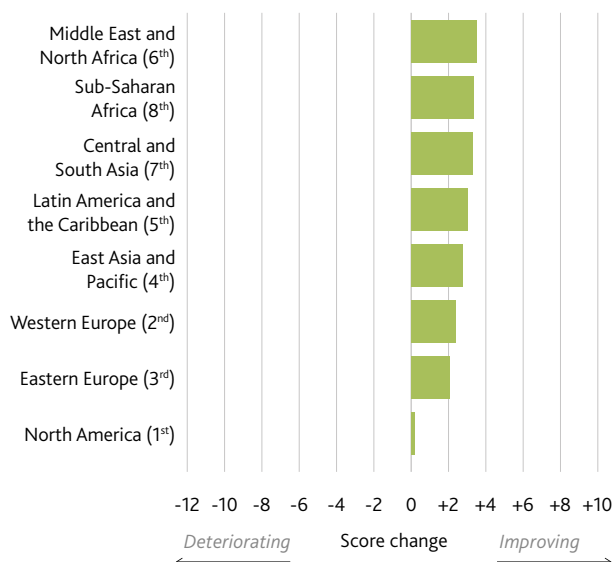
Tertiary Education (20%) Further education (including technical, vocational and university-level) is key to social and economic development through the creation of human capital and building of knowledge bases.

Adult Skills (25%) Adults who are above a threshold level of education are far less likely to be disadvantaged in society and this will lead to better employment opportunities. Increased skills in the workplace are closely connected to productivity.

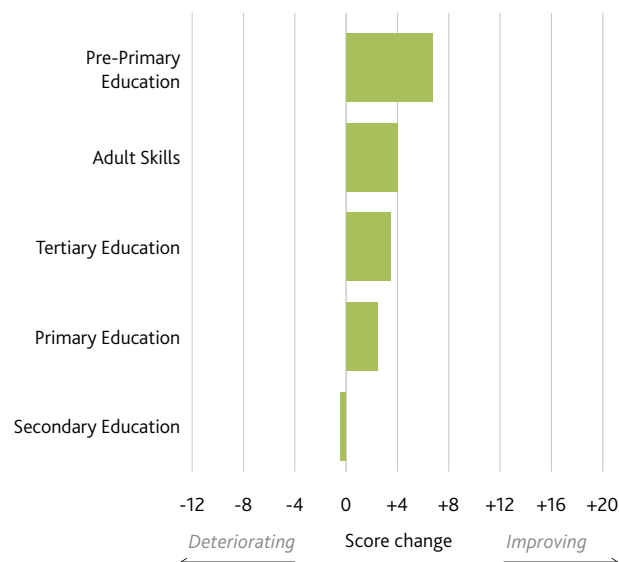
Indicators

- *Pre-primary enrolment (net) (UNESCO)*
- *Primary enrolment (UNESCO)*
- *Primary completion (UNESCO)*
- *Primary education quality (AltAng&Pat)*
- *Secondary school enrolment (UNESCO)*
- *Lower-secondary completion (UNESCO)*
- *Access to quality education (V-DEM)*
- *Secondary education quality (AltAng&Pat)*
- *Tertiary enrolment (UNESCO)*
- *Tertiary completion (UNESCO)*
- *Average quality of higher education institutions (QS, TES)*
- *Skillset of university graduates (WEF)*
- *Quality of vocational training (WEF)*
- *Adult literacy (UNESCO)*
- *Education level of adult population (BL)*
- *Women's average years in school (IHME)*
- *Education inequality (Cas&Dom)*
- *Digital skills among population (WEF)*

Education Regional change, 2013–2023



Education Elements change, 2013–2023

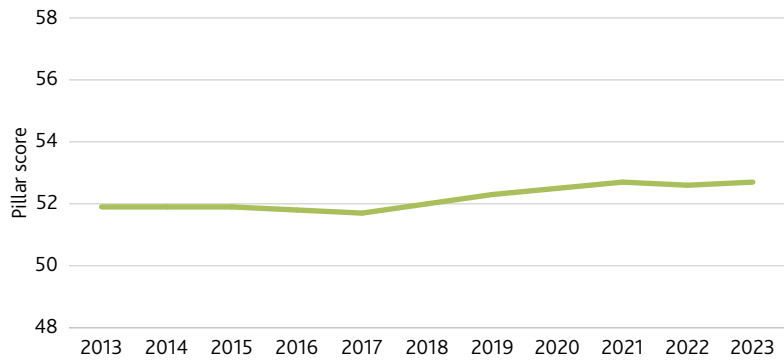




Natural Environment

Natural Environment captures the parts of the physical environment that have a direct effect on people in their daily lives and changes that might impact the prosperity of future generations. A well-managed natural environment benefits a nation by yielding crops, material for construction, wildlife and food, and sources of energy, while clean air leads to a higher quality of living for all.

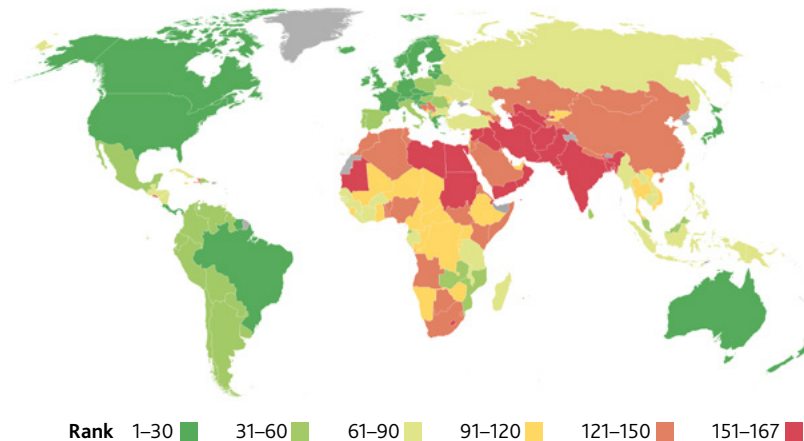
Natural Environment Global trend, 2013–2023



Natural Environment, 2023

Strongest

- 1 Sweden
- 2 Finland
- 3 Latvia
- 4 Slovenia
- 5 Denmark
- 6 Switzerland
- 7 Austria
- 8 Estonia
- 9 Norway
- 10 Luxembourg

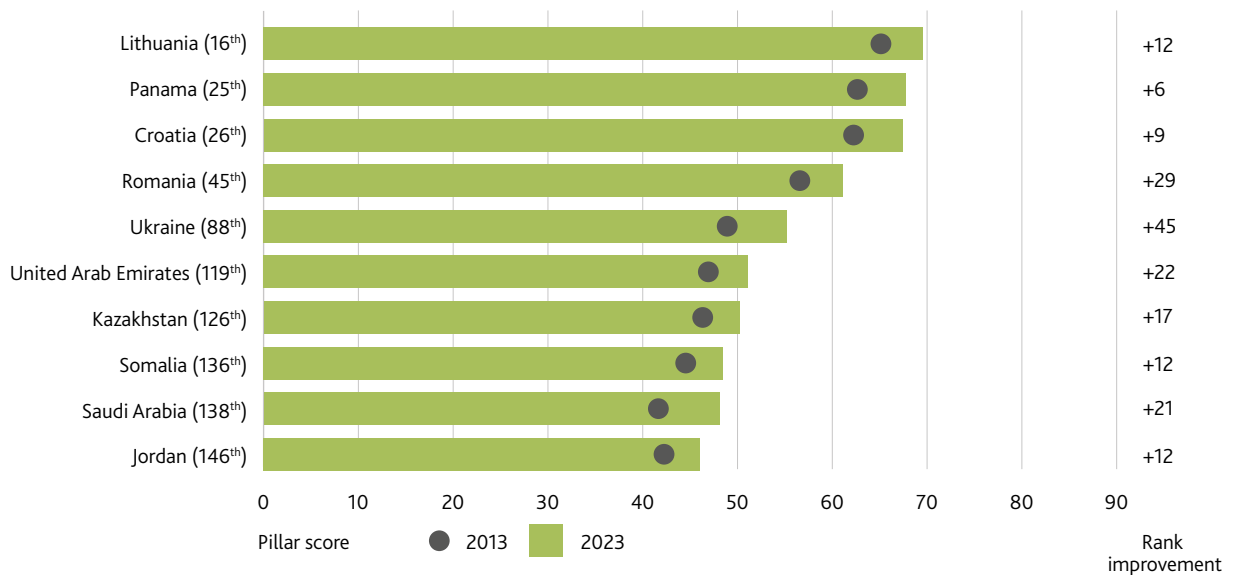


Weakest

- 158 Iran
- 159 Turkmenistan
- 160 Syria
- 161 India
- 162 Uzbekistan
- 163 Sudan
- 164 Mauritania
- 165 Lesotho
- 166 Pakistan
- 167 Iraq

Natural Environment

Most improved countries, 2013–2023 (2023 country rank)





Credit: iStock

Element (weight %)

Indicators

Emissions (15%) measures the level of emissions of greenhouse gas and other pollutants within a country. This captures the long-term effect of pressures on the atmosphere that a given country will have on the lived experience of future generations.

- CO₂ emissions (GCB & CW)
- SO₂ emissions (EDGAR)
- NO_x emissions (EDGAR)
- Black carbon emissions (EDGAR)
- Methane emissions (EDGAR)

Exposure to Air Pollution (15%) captures the level of emissions to which a country's population is physically exposed, and the effects this may have on their quality of life.

- Exposure to fine particulate matter (EPI)
- Health impact of air pollution (IHME)
- Satisfaction with air quality (Gallup)

Forest, Land and Soil (20%) assesses the quality of a country's land, forest and soil resources and the impact this may have on citizens' quality of life.

- Forest area (FAO)
- Flood occurrence (WRI)
- Sustainable nitrogen management (EPI)

Freshwater (20%) assesses the quality of a country's freshwater resources and the impact this may have on citizens' quality of life.

- Renewable water resources (FAO)
- Wastewater treatment (EPI)
- Freshwater withdrawal (FAO)
- Satisfaction with water quality (Gallup)

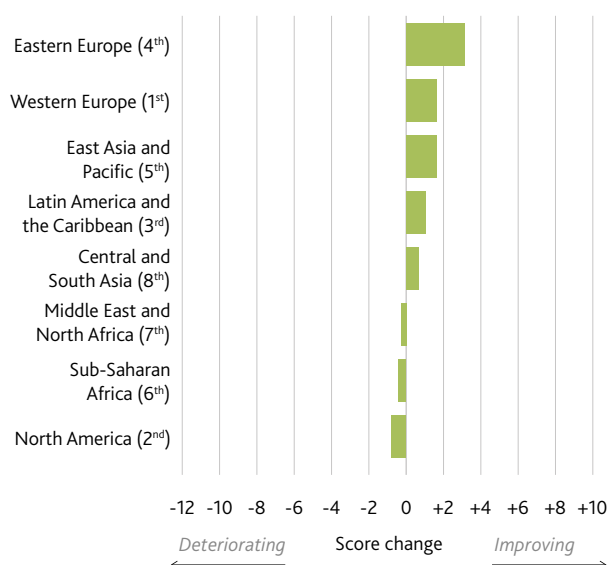
Oceans (15%) measures the quality of a country's marine resources and the impact this may have on citizens' quality of life.

- Overexploitation of fish stocks (EPI)
- Stability of marine biodiversity (EPI)
- Clean ocean water (OHI)

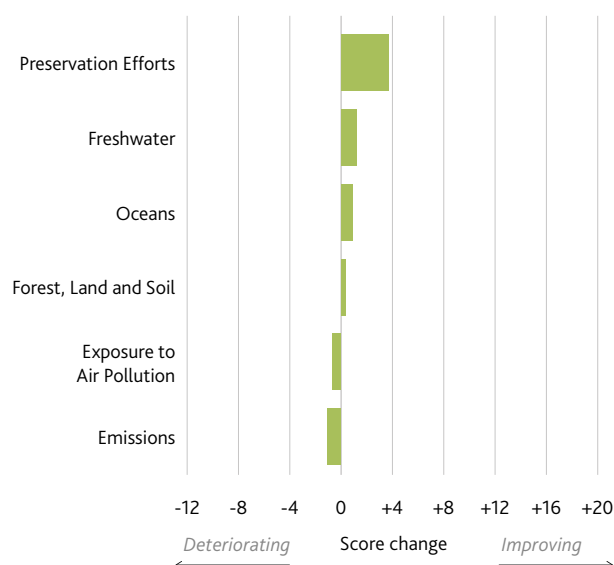
Preservation Efforts (15%) captures the extent of efforts to preserve and sustain the environment for future generations, and public satisfaction with those efforts.

- Terrestrial protected areas (WDPA)
- Marine protected areas (WDPA)
- Long term management of forest areas (FAO)
- Protection for biodiverse areas (UNSDG)
- Pesticide regulation (EPI)
- Satisfaction with preservation efforts (Gallup)

**Natural Environment
Regional change, 2013–2023**



**Natural Environment
Elements change, 2013–2023**



Methodology





Constructing the Index

The Legatum Prosperity Index is a framework that assesses countries on the promotion of their residents' flourishing, reflecting both economic and social wellbeing. It captures the richness of a truly prosperous life, moving beyond traditional macroeconomic measurements of a nation's prosperity, which rely solely on indicators of wealth such as average income per person (GDP per capita).

It redefines the way success is measured, changing the conversation from what we are getting, to who we are becoming.

This makes it an authoritative measure of human progress, offering a unique insight into how prosperity is forming and changing across nearly all countries of the world. For further information about our definition of holistic prosperity, please refer to the *Defining Prosperity* document, available for download on our website.

To cover both economic and social wellbeing, the Prosperity Index faces the challenge of finding a meaningful measure of success at a national level. We endeavour to create an Index that is methodologically sound. This is something that the Legatum Institute has sought to achieve with academic and analytical rigour over the past decade.

In developing the current Index, we worked with more than 100 academics and experts around the world with particular expertise on each of the pillars of prosperity. This process enabled us to develop an appropriate taxonomy of discrete elements and supporting indicators which, when combined, accurately capture prosperity in the world.

This has resulted in 12 pillars of prosperity split into 67 discrete policy-focussed elements, and grouped into three domains essential to prosperity: Inclusive Societies, Open Economies, and Empowered People. We used 299 different indicators from over 70 different data sources to construct the Index.

For more information on the data sources and the methodology, please refer to the full methodology report published at www.prosperity.com.

Note on averages

When calculating scores for regions and the world as a whole, we take a population-weighted average score. This is because we want to capture the effect on individuals rather than countries. For example, if the scores of two countries change, then the more populous country has a greater effect on the global and regional scores than the less populous country. Note that for the analysis on the bottom 40, middle 87 and top 40 countries, we used non-population weighted averages.



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Step by step

1. Selecting the indicators

With the help of our expert advisers, we created the optimum structure for the Prosperity Index, comprised of 12 pillars and underpinned by 67 policy-focused elements. We then identified hundreds of data variables to underpin each element of prosperity.

We identified the most relevant indicators within each element, driven by a set of selection criteria as well as advice from external experts on data and research around each pillar.

We used an extensive variety of publicly available data sources that gave comprehensive international coverage. This list was refined based on input from the experts in each pillar area, who advised on the reliability of data sources, alternative measures, and the credibility of indicators' measurement.

Each of the 12 pillars captures a fundamental theme of prosperity, and each element captures a discrete policy area, which is measured by the indicators. Each pillar has between five and eight elements, and each element has between one and eight indicators.



2. Standardisation

The indicators in the Index are based on many different units of measurement, including numbers of events, years, percentages, and ordinal scales. The indicators need to be normalised for comparison between indicators and countries to be meaningful. We employ a distance to frontier approach for this task. The distance to frontier approach compares a country's performance in an indicator with the value of the logical best case, as well as that of the logical worst case. As a result, the distance to frontier score captures a country's relative position. This approach also enables us to compare Index scores over time.

3. Indicator and Element weights

Each indicator is assigned a weight, indicating the level of importance within the element it has in affecting prosperity. Four weights are typically used: 0.5, 1, 1.5, or 2. Each indicator is weighted as 1 by default, but based on its significance to prosperity, this may be adjusted down-

wards or upwards accordingly. For example, an indicator with a weight of 2 means that it is twice as important in affecting the element as another indicator in that element with a weight of 1. Weights were determined by two factors, ordered by priority: (1) the relevance and significance of the indicator to prosperity, as informed by the academic literature and our experts' opinions, and, to a lesser degree, (2) the statistical significance of the indicator to the economic and social wellbeing of a country, as measured by productive capacity and Cantril's Ladder, respectively.

Analogously, elements are assigned weights based on their relative importance within each pillar, led by the same two factors above. At the element level, percentages rather than factors are used as weights, giving a greater range of possible weights than at the indicator level.

4. Element and pillar scores

Element scores are created using a weighted sum of indicator scores using the indicator weights assigned at the previous step. The same process is repeated to determine pillar scores with elements within the pillar, using the percentages discussed at the previous step. Countries are then ranked according to their scores in each pillar.

Domain scores are determined by assigning the same weight to each pillar, and the overall The Prosperity Index score is determined by assigning equal weight to each domain, as each pillar and domain is as important to prosperity as each other. The mean of the three domain scores yields an overall prosperity score for each country. The overall prosperity rankings are based on this score.

While the Index score provides an overall assessment of a country's prosperity, each pillar (and element) score serves as a reliable guide to how that country is performing with respect to a particular foundation of prosperity.

Changes since the previous Index

We made two main changes since the 15th edition of the Prosperity Index. Firstly, we moved the Social Tolerance element to Social Capital from Personal Freedom, and Institutional Trust from Social Capital to Governance, along with their indicators that sat within these elements.

Secondly, we replaced 20 indicators that we previously sourced from the World Bank Doing Business Report. The World Bank has discontinued the release of its Doing Business report. This issue affected three pillars: Investment Environment (10 variables), Enterprise Conditions (6 variables), and Infrastructure and Market Access (4 variables). We have replaced these from other sources.

We made several other small changes. The full details can be found in our Sources and Indicators document.

Table of sources

Report abbreviation	Source full name	Web address
AD	Aswath Damodaran	http://pages.stern.nyu.edu/~adamodar/New_Home_Page/data.html
Ang&al	Angrist et al. (2021)	https://datacatalog.worldbank.org/search?q=harmonized%20learning%20outcomes%20hlo%20database
BL	Barro and Lee dataset	http://www.barrolee.com/
BTI	Bertelsmann Stiftung Transformation Index	https://www.bti-project.org/en/home/
Cas&Dom	Castello-Climent and Domenech (2012)	https://ideas.repec.org/p/iei/wpaper/1201.html
Chinn-Ito	Chinn-Ito Index	http://web.pdx.edu/~ito/Chinn-Ito_website.htm
CIRIGHTS	CIRIGHTS Dataset	https://www.binghamton.edu/institutes/hri/researcher-resources.html
CSP	Center for Systemic Peace	https://www.systemicpeace.org/
CW	Climate Watch	https://www.climatewatchdata.org/ghg-emissions?end_year=2019&start_year=1990
ECI	Economic Complexity Index	https://oec.world/en/rankings/country/eci/
EDGAR	Emissions Database for Global Atmospheric Research	https://www.eea.europa.eu/themes/air/links/data-sources/emission-database-for-global-atmospheric
EPI	Yale and Columbia Universities (Environmental Performance Index)	https://epi.envirocenter.yale.edu/
FAO	Food and Agriculture Organisation	http://www.fao.org/home/en/
FH	Freedom House	https://freedomhouse.org/
FI	Fraser Institute	https://www.fraserinstitute.org/
Gallup	Gallup	https://www.gallup.com/home.aspx
GBD	Global Burden of Disease study	http://www.healthdata.org/gbd
GCB	Global Carbon Budget	https://www.icos-cp.eu/science-and-impact/global-carbon-budget
GDL	Global Data Lab	https://globaldatalab.org/
GSI	Global Slavery Index	https://www.globalslaveryindex.org/
GSMA	Groupe Spéciale Mobile Association	https://www.gsma.com/
GTD	Global Terrorism Database	https://www.start.umd.edu/gtd/
Harvard	Harvard database	https://dataverse.harvard.edu/dataset.xhtml?persistentId=doi:10.7910/DVN/8RPC9E
IBNET	International Benchmarking Network for Water and Sanitation Utilities	https://www.ib-net.org/
IBP	International Budget Partnership	https://www.internationalbudget.org/
IDEA	International Institute for Democracy and Electoral Assistance	https://www.idea.int/
IDMC	Internal Displacement Monitoring Center	http://www.internal-displacement.org/

Report abbreviation	Source full name	Web address
IEA	International Energy Agency	https://www.iea.org/
IHME	Institute for Health Metrics and Evaluation	http://www.healthdata.org/
ILGA	International Lesbian, Gay, Bisexual, Trans and Intersex Association	https://ilga.org/
ILO	International Labour Organisation	https://www.ilo.org/global/lang--en/index.htm
IMF	International Monetary Fund	https://www.imf.org/external/index.htm
IMF-FAS	International Monetary Fund Financial Access Survey	https://data.imf.org
IMF-WEO	International Monetary Fund World Economic Outlook	https://www.imf.org/external/pubs/ft/weo/2019/01/weodata/index.aspx
IRENA	International Renewable Energy Agency	https://www.irena.org/
ITU	International Telecommunications Union	https://www.itu.int/en/Pages/default.aspx
JME	UNICEF/ WHO/World Bank: Joint child malnutrition estimates (JME)	https://www.who.int/news/item/06-05-2021-the-unicef-who-wb-joint-child-malnutrition-estimates-group-released-new-data-for-2021
JMP	WHO/UNICEF Joint Monitoring Programme for Water Supply and Sanitation	https://www.unwater.org/publication_categories/whounicef-joint-monitoring-programme-for-water-supply-sanitation-hygiene-jmp/
OECD	Organisation of Economic Cooperation and Development	https://www.oecd.org/
OHI	Ocean Health Index	http://www.oceanhealthindex.org/
OPHI	Oxford Poverty and Human Development Initiative	https://ophi.org.uk/
Pew	Pew Research Center	https://www.pewresearch.org/
PTS	Amnesty International & US State Department Political Terror Scale	http://www.politicalerrorscale.org/
QS	QS World University Rankings	https://www.topuniversities.com/qs-world-university-rankings
RAI	Rural Access Index	https://datacatalog.worldbank.org/dataset/rural-access-in-dex-rai
RsF	Reporters Without Borders	https://rsf.org/en
TE	Trading Economics	https://tradingeconomics.com/
TES	TES University Rankings	https://www.timeshighereducation.com/content/world-university-rankings
UCDP	Uppsala Conflict Data Program	https://ucdp.uu.se/
UIC	International Union of Railways	https://uic.org/
UNAIDS	Joint United Nations Programme on HIV and AIDS	https://www.unaids.org/en
UNCOM	United Nations Comtrade Database	https://comtrade.un.org/
UNCTAD	United Nations Trade Data	https://unstats.un.org/unsd/trade/default.asp
UNESCO	UNESCO Institute for Statistics	http://uis.unesco.org/
UNESD	United Nations Energy Statistics Database	https://unstats.un.org/unsd/energy/edbase.htm

Report abbreviation	Source full name	Web address
UNHCR	United Nations High Commissioner for Refugees	https://www.unhcr.org/en-us/
UNICEF	United Nations International Children's Emergency Fund	https://www.unicef.org/
UNIGME	United Nations Inter-agency Group for Child Mortality Estimation	https://childmortality.org/
UNPD	United Nations Population Division	https://www.un.org/development/desa/pd/
UNFPA	United Nations Population Fund	https://www.unfpa.org/
UNSD	United Nations Statistics Division	https://unstats.un.org/UNSDWebsite/
UNSDG	United Nations sustainable development goals – UNSDG	https://sdgs.un.org/goals
V-DEM	Varieties of Democracy	https://www.v-dem.net/en/
WB-ALT	World Bank Alternative Indicator	https://www.worldbank.org/en/programs/business-enabling-environment/alternative-existing-indicators
WB-DI	World Bank World Development Indicators	https://datacatalog.worldbank.org/dataset/world-development-indicators
WB-CPIA	World Bank Country and Institutional Assessment	https://datacatalog.worldbank.org/search/dataset/0038988
WB-ES	World Bank Enterprise Surveys	https://www.enterprisesurveys.org/
WB-GED	World Bank Global Electrification Database	https://energydata.info/
WB-GFI	World Bank Global Financial Inclusion	https://globalindex.worldbank.org/
WB-LPI	World Bank Logistics Performance Index	https://lpi.worldbank.org/
WDPA	World Database on Protected Areas	https://www.protectedplanet.net/
WEF	World Economic Forum Global Competitiveness Index	http://reports.weforum.org/global-competitiveness-report-2018/
WGI	Worldwide Governance Indicators	https://info.worldbank.org/governance/wgi/
WHO	World Health Organisation	https://www.who.int/
WHO-GDO	World Health Organisation (Global Dementia Observatory)	https://www.who.int/mental_health/neurology/dementia/Global_Observatory/en/
WIPO	World Intellectual Property Organisation	https://www.wipo.int/portal/en/index.html
WJP	World Justice Project (Rule of Law Index)	https://worldjusticeproject.org/our-work/wjp-rule-law-index
WomStat	The WomanStats Project	http://www.womanstats.org/
WRI	World Resources Institute	https://www.wri.org/
WTO	World Trade Organisation	https://www.wto.org/
WVS	World Values Survey, European Values Survey, Global Barometer Surveys, Arab Barometer, Latinobarometro	https://www.worldvaluessurvey.org/wvs.jsp , https://europe-anvaluesstudy.eu , https://www.globalbarometer.net , https://www.arabbarometer.org , https://www.latinobarometro.org/latContents.jsp



Credit: Shutterstock

Notes

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7. "Labor Force Participation Rate, Total (% of Total Population Ages 15-64) (Modeled ILO Estimate) - Myanmar, World | Data." World Bank. <https://data.worldbank.org/indicator/SL.TLF.ACTI.ZS?locations=MM-1W>.
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16. "The World Bank in Mozambique." World Bank. 7 October 2022. <https://www.worldbank.org/en/country/mozambique/overview>.
17. Ibid.
18. Gavin, Michelle. "Failures of Governance Exacerbate Situation in Mozambique." Council on Foreign Relations. 23 September 2021. <https://www.cfr.org/blog/failures-governance-exacerbate-situation-mozambique>.
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The Legatum Prosperity Index is the leading measure of national progress and is used by governments around the world to shape their agendas for transformation.

Our experts work frequently with leaders to help them identify and address the obstacles to greater prosperity in their countries, using our leading data-driven diagnostics.

If you would like to get in touch with our team please contact info@li.com.

There are several tools available to aid analysis and interpretation of, and elicit insight from, the Prosperity Index. Alongside this report, which provides a high-level analysis of the findings from the Index, the following additional information can be found via our website, www.prosperity.com:

Country profiles

A 15-page profile for each country provides more detailed pillar, element, and indicator information, including rankings and scores, and how these have changed over time.

Indicator scores

An Excel spreadsheet which contains the scores for all of the 300 indicators for each year since 2007. Using these scores, the user can carry out more in-depth analysis.

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