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PROSPERITY INDEX



# The Legatum Prosperity Index<sup>™</sup>

*A tool for transformation*

## Overview 2019

THIRTEENTH EDITION



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## Foreword



Our mission at the Legatum Institute is to create the pathways from poverty to prosperity, by focussing on understanding how prosperity is created and perpetuated. Prosperity entails much more than wealth: it reaches beyond the financial into the political, the judicial, and the wellbeing and character of a nation — it is about creating an environment where a person is able to reach their full potential. A nation is prosperous when it has effective institutions, an open economy, and empowered people who are healthy, educated, and safe.

The measurement of national prosperity is an important task for governments and for those who hold them to account. It is the real measure of whether a nation is truly fulfilling the potential of its people, in terms of both their productive capacity and their collective wellbeing.

The Index has been purposefully designed to be a transformational tool, and our ambition is that leaders around the world use it to help set their agendas for growth and development, and also to enable others to hold them to account.

This is the 13th consecutive year of the Legatum Prosperity Index, and with the input of over 100 expert advisors, we have undertaken a major exercise to strengthen it, by enhancing the economic dimension, and also introducing more policy-focussed elements. This revised Index enables us to construct a thoroughly comprehensive picture of prosperity, across its institutional, economic, and social dimensions, with particular emphasis on the different policy-related issues to be addressed.

Through the Index, analysis of the performance of each of the 167 countries can be carried out on the key characteristics of inclusive societies, open economies, and empowered people. We have used 12 pillars, comprising 65 different elements, measured by close to 300 discrete country-level indicators, using a wide array of publicly available data sources. This comprehensive set of indicators provides an incredibly rich and holistic policy-focussed dataset representing over 99% of the world's population, thereby allowing the potential of each country to be identified and understood. This in turn enables targeted policy responses that can drive tangible improvements in prosperity.

While most policymakers focus on the big fiscal and macroeconomic policy tools at their disposal, or separately consider the social factors, they rarely consider all together. By combining in one Index the full range of disparate personal, business, and policy choices that impact and drive prosperity in different countries, we are looking to shift the focus of policymakers and influencers towards the broader implications of institutional, economic, and social policies.

The very good news is that the index reveals that prosperity continues to rise in the world, both over the last year and consistently since 2007. Of the 167 countries we have measured, 148 have become more prosperous over the last decade, and more people are living increasingly prosperous lives. Every region has seen improvement over the past 10 years. However, the news is not all good. The gap between the highest and lowest prosperity scores is the largest since we began measuring it in 2007, having grown steadily since 2014 when the highest and lowest scores were the closest together.

The rise in global prosperity over the past decade has been driven by more open economies and in particular the quality of people's lived experience improving across the vast majority of countries. However, further improvements in global prosperity are being held back by weaker personal freedom, and declining governance. On a more positive note, Safety and Security, one of the 12 pillars we use to measure and track prosperity, has begun to improve across the globe, following an extended period of deterioration. Safety and security, in all its guises, is the foundation of any successful nation building, and it enables the other pillars of prosperity to follow, from health and education through to a thriving investment environment and sound governance. We see that especially in The Gambia and Sri Lanka, despite the tragic events this year, safety and security has improved recently. This is a result of reductions in political terror and violence in both countries, and the end of civil conflict in Sri Lanka, and this recent improvement in safety and security augurs well for the future.



Through the analysis of this report, we believe the key to unlocking greater prosperity lies in the potential for improvement in each country. This potential exists not only because there is significant variation across the world, but because every country has distinct local opportunities to improve. Many countries have shown that they can improve and achieve high performance. Using this Index, we have also been able to identify best practices across many dimensions, demonstrating that there is much to be gained from benchmarking peers.

There are also significant benefits to be gained by exploring the connections between development in different areas. In particular, through our work this year focussing on both the African Continent and also within the United States, we have seen the relationship between strengthening institutions and broader economic and social development, and the importance of healthy and strong institutions in underpinning both economic and social wellbeing.

There is also a broader pattern across the world that demonstrates how the effectiveness of institutions is critical to the development of prosperity. The challenges of transformation that many developing regions face is about change – in some ways, significant change. However, the question as to whether the broader institutions in a country will permit that change is often an open one. Are markets truly contestable? Can political power be transferred? Can government operate effectively? Does the social contract facilitate change? Identifying the constraints to change will be critical to determining the best path forward. What steps can leaders and governments resolve to take themselves to establish improved governance, and to what extent is there a case for more targeted development assistance, focussed on building strong institutions?

We hope that this Index enables the nature of countries' strengths and weaknesses to be understood, and helps identify where solutions are already available as inspiration for others. This Index can support political leaders, policymakers, investors, business leaders, philanthropists, journalists, and researchers to identify areas of local strength, and where to look for best practice to improve other areas, while holding others to account. In doing so, it can help them to set their agendas, and implement strategies for institutional, economic, and social development.

We have been able to show where there have been particular improvements in prosperity, such as in health and in enterprise conditions. Contrasting these improvements, we have also been able to identify where there have been deteriorations in personal freedom and governance across the world. Beneath the overall improvement in prosperity around the world, there are wide variations in outcomes at regional and national levels. Hence, the binding constraints to increasing prosperity vary significantly around the world.

The top 40 most prosperous nations are those that have demonstrated over time how to build prosperity. Those in the bottom 30 face significant challenges across all pillars, especially in improving Safety and Security. The middle 90 countries of the Index, those that rank 40<sup>th</sup> to 130<sup>th</sup> and which contain 69% of the world's population, is where the massive opportunity for developing prosperity exists. Without neglecting those at the bottom, and drawing on the lessons of the top 40, we are focussed on improving prosperity in this grouping of countries.

We are increasingly ambitious about engaging directly with political leaders, policymakers, investors, business leaders, philanthropists, journalists, and researchers in these 90 countries, to share our insights and forge closer relationships that can effect fundamental change and implementation.

Please do contact us at [info@li.com](mailto:info@li.com) if you are interested in the findings of the Index and our work more broadly.



**Baroness Philippa Stroud**  
CEO of the Legatum Institute

# Using the Index — A tool for transformation

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 globally. The Index consists of 12 pillars of prosperity, built upon 65 actionable policy areas (elements), and is underpinned by 294 indicators.

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

- Political leaders can use it to help shape priorities for a policy agenda;
- Policymakers can use it to determine specific areas that require action to help increase prosperity;
- Investors can use it to inform capital allocation;
- Business leaders can use it to identify and communicate the changes they need to improve the business climate and the productive capacity of nations;
- Philanthropists can use it to identify the areas where they can have the greatest impact beyond the well-trodden paths;
- Journalists can use it to hold governments to account;
- Researchers can use it to complement other datasets to analyse the underlying patterns behind development, and inform the broader policy, business, and philanthropic community.

## 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 health, education, and social capital, as well as the 65 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. Further to this, the Index also provides data over a 13-year period, making it possible to see whether prosperity has been strengthening or weakening over time, and what specifically is driving that change. This will enable areas of strength to be built on and areas of weakness to be addressed.

## APPLYING THE INDEX

The data in the Index and 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 set of specific indicators represents 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 focussed 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. This information can help to target specific areas that need improvement and provide a starting point for what can be done to improve education, and thereby increase prosperity.

By using the historical data provided by the Index for the example above, 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, thus pointing to the particular area where action is needed.

## RESOURCES AVAILABLE

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](http://www.prosperity.com):

**Summary country overview.** This document provides pillar-by-pillar ranking tables and 2-page summaries for each country. It gives pillar and element information, including rankings and scores, and how these have changed over time. This overview is available for download.

**Country profiles.** This 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. These profiles are available for download.

**Indicator scores.** An Excel spreadsheet, which can be downloaded, contains the scores for all of the 294 indicators for each year since 2007. Using these scores, the user can carry out more in-depth analysis. Further information on how the scores for each indicator are calculated can be found in the Methodology section (see page 82).



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](mailto:info@li.com).

## USING THE INDEX

### 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

The Index and its accompanying resources allow policymakers to benchmark nations' performances against peers across 12 pillars and 65 elements of prosperity to create a much more granular perspective of performance and the potential binding constraints to development.

Each of the 65 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 the strengths and weaknesses of its performance. Benchmarking against a basket of international metrics must be complemented by in-depth context-sensitive analysis, which itself can lead to more balanced agendas across a range of policy areas.

In addition to helping focus analysis, these materials, together with the database of performance, also allow policymakers to develop diagnostic tools and to identify potential options to consider, based on the performance of other countries, and the case studies provided.

### Philanthropists

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

**Governance.** While there is already extensive NGO engagement in activities such as monitoring elections, many more upstream opportunities exist to support capability building within governments. This is not only developing the organisational capital, but also providing professional experience across all the technical aspects of the machinery of government, e.g. strategic planning and judicial functions. This need not be direct support, but could be an enabling or financing role.

**Social Capital.** Institutional and interpersonal trust are two critical factors that will help the countries of the world build true 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.

**Infrastructure.** Ensuring that large-scale programmes deliver on their potential for the broader population can be very challenging when inadequate attention is paid to last-mile challenges, whether it be access to roads, electricity connections, or mobile coverage. Measurements of levels of access help overcome this.

### Investors and business leaders

The business community is well positioned to identify barriers to starting, operating, and growing business, and to demonstrate to government the economic potential from reforms such as lifting onerous regulation. Likewise, business leaders and investors can work with government 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 in communications, transport, and energy projects, where they can be the binding constraint on development.

#### 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 13 years for much of the data. By providing a holistic dataset across many disciplines, it provides an opportunity to compare in a straightforward way the impact of disparate factors such as how political terror is related to education levels, or property rights with reserves of renewable water.

#### 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 represented in a digestible way.





## THE PATHWAYS TO TRANSFORMATION

The pathway from poverty to prosperity is not necessarily uniform. When confronted with many challenges, navigating them can often seem like an overwhelming task. 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 lopsided approach 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', but they are often the next-best solution.

**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 pre-requisites 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 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 pre-requisite to any prioritisation exercise. This will help identify whether, for example, low economic activity is a function of under-developed human capital or infrastructure on the one hand, or regulatory or investment environment weaknesses on the other.



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# Executive Summary

## INTRODUCING THE 2019 PROSPERITY INDEX

The Legatum Institute's revised and improved 2019 Prosperity Index quantifies prosperity in 167 countries across the globe, which together contain 99.4% of the world's population. Almost 300 country-level indicators, grouped into 65 policy-focussed elements, are used to measure the current state of prosperity in these countries and how it has changed since 2007. Using the Prosperity Index framework, nations around the world can assess their strengths and weaknesses in order to determine the economic and strategic choices that need to be made to further build inclusive societies, open economies, and empowered people to drive greater levels of prosperity.

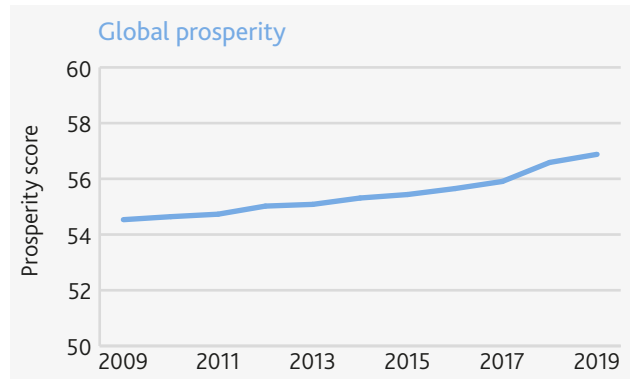
## THE KEY FINDINGS FROM THIS YEAR'S REPORT ARE:

- Global prosperity continues to improve, but the gap between the strongest and weakest performing countries continues to widen;
- The improvement in global prosperity has been driven by more open economies and improvements to people's lived experiences;
- Economies are more open due to the improvement in the investment environment and digital connectivity, as well as a reduction in administrative burdens;
- People's lived experiences have improved due to better health, education, and living conditions;
- Stagnating institutions are holding back further improvements to global prosperity;
- People are more tolerant, although there is less freedom to speak, associate, and assemble.

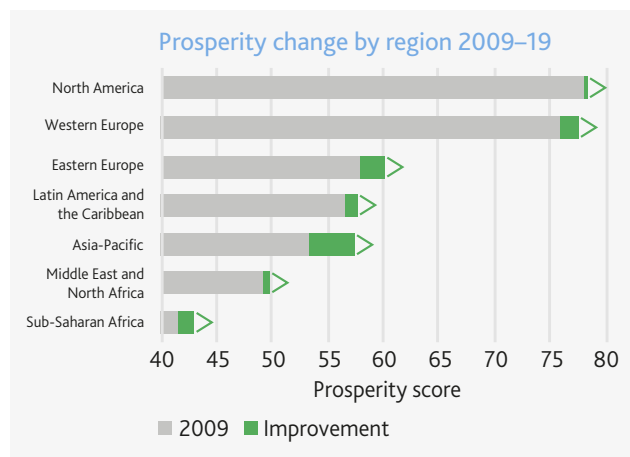
## Global prosperity continues to improve, but the gap between the strongest and weakest performing countries continues to widen

Overall, the world is more prosperous than it has ever been, with Denmark overtaking Norway as the strongest performer. North America remains the most prosperous region, although, as a result of its prosperity stagnating, the gap with Western Europe has narrowed.

Of the 167 countries measured and tracked for prosperity in this year's index, 148 (containing 88% of the world's population) have seen an improvement in their prosperity since 2009. Although **Myanmar** (124<sup>th</sup>) has seen the most improvement in prosperity, government treatment of the Rohingya Muslims is cause for concern. **Togo** (144<sup>th</sup>) and **Kyrgyzstan** (88<sup>th</sup>) are the second and third most improved countries, rising 14 and 18 ranks respectively.

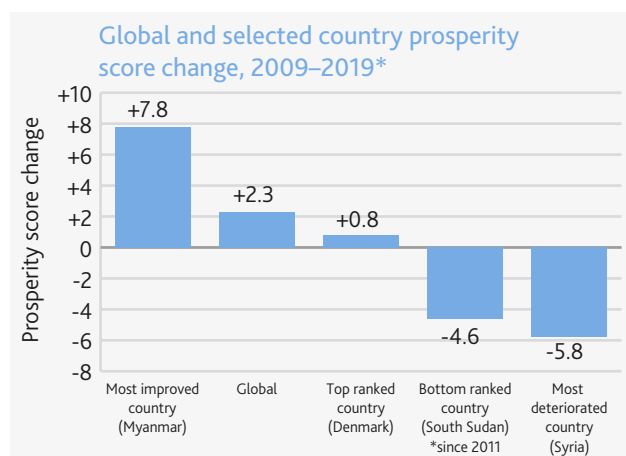


Each of the seven world regions contributed to the rise in global prosperity. The Asia-Pacific region saw the greatest improvement and accounts for most of the global increase. The region has seen the greatest improvement in 8 of the 12 pillars of prosperity over the past decade, including in all four of the economic pillars. Such is the improvement in prosperity in the Asia-Pacific region that it has closed the prosperity gap with Latin America and the Caribbean.



Not all nations contributed to the rise in global prosperity, with 19 countries experiencing a deterioration over the past decade, of these 19 countries, 15 are in sub-Saharan Africa or the Middle East and North Africa. **Syria** (157<sup>th</sup>), **Yemen** (166<sup>th</sup>) and **Venezuela** (143<sup>rd</sup>) saw the greatest declines, falling 23, 7 and 27 places respectively in the rankings. Australia was the only country of the 29 countries in the Asia-Pacific region that saw a decline in prosperity, as a result of deteriorating enterprise conditions and a decline in its economic quality.

The gap in prosperity between those countries ranking at the top of the Index and those ranking at the bottom is growing wider. Illustrative of this, Denmark, the top-ranked country, has improved, while South Sudan, the bottom-ranked country, has seen a deterioration in its prosperity.



Further to this macro-level divergence in countries' prosperity, we also see a regional divergence in the performance across some of the pillars. This is most evident in Safety and Security, for which the safest region (Western Europe) has experienced the greatest improvement, while the Middle East and North Africa — the weakest-performing region — has experienced the greatest deterioration.

#### The improvement in global prosperity has been driven by more open economies and improvements to people's lived experiences

The rise in global prosperity over the past decade has been partly driven by more open economies, with 146 countries having seen an aggregate improvement across three of the four pillars within the Open Economies domain: Enterprise Conditions, Investment Environment, and Market Access and Infrastructure.

The quality of people's lived experience has improved since 2009, and has also contributed to the improvement in global prosperity, with 160 countries seeing an aggregate improvement across health, education, and living conditions since 2009.

#### Economies are more open due to the improvement in the investment environment and digital connectivity, as well as a reduction in administrative burdens

It is now easier to start and expand a business than it was a decade ago and tax processes, including when tax payments need to be made, have been simplified for businesses. These changes have led to improved enterprise conditions. In addition, the global investment environment is more attractive than it was 10 years ago, due to strengthened property rights, investor protections, and contract enforcement. Internet usage has also more than doubled, with the number of internet subscriptions in 2019 over two and a half times that in 2009, and internet bandwidth is nearly six times 2009 levels. These improvements have strengthened market access and infrastructure. **Singapore** (16<sup>th</sup>) has the most open economy, ranking first on the Investment Environment, Economic Quality and Market Access and Infrastructure pillars and fifth on Enterprise Conditions. **Yemen** (166<sup>th</sup>), on the other hand, has the least open economy. Its best performance is on the Enterprise Conditions pillar, but even here it only ranks 162<sup>nd</sup>.

However, this improvement in the openness of economies has not fully translated into increased economic output. Globally, average GDP per capita growth has slowed from 6% in 2009 to 3.5%, gross savings have declined and government debt-to-GDP ratio has increased from 52% in 2009 to 62%. Consequently, the Economic Quality pillar has improved only marginally over the past decade, with 96 countries improving.

#### People's lived experiences have improved due to better health, education, and living conditions

Better health-care systems and health outcomes are driving the improvements in health. Changes in the tertiary education sector and the adult population becoming more educated than it was a decade ago have led to the improvements in education. Reductions in poverty rates across the globe, with millions of people having been lifted out of poverty, have led to greater personal financial security and increased access to basic services, such as water, sanitation, and electricity, have led to better living conditions, although somewhat independently of other aspects of prosperity (see page 68). People's lived experience is highest in **Sweden** (4<sup>th</sup>) and lowest in **Central African Republic** (165<sup>th</sup>).

Although people's lived experience has improved, the natural environment has changed little over the past decade. Though freshwater resources have improved and preservation efforts have increased, emissions of air pollutants have continued to increase since 2009. While living conditions, health, and education have improved in all but 7 countries, over the past decade, nearly a third of all countries (51) have seen a deterioration in their natural environment.

#### Stagnating institutions are holding back further improvements to global prosperity

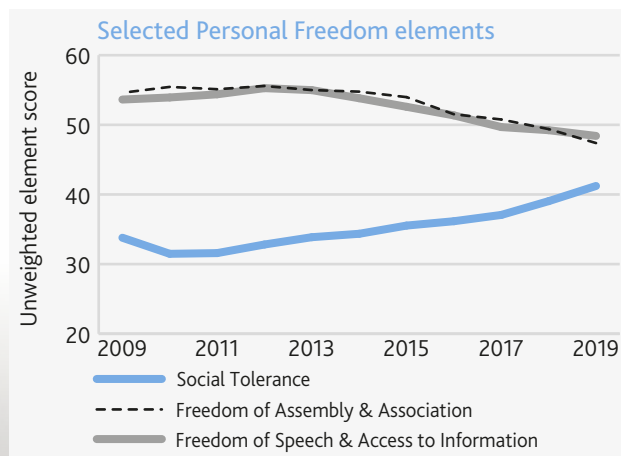
Personal freedom has deteriorated over the last decade, with all regions other than Western Europe and Latin America and the Caribbean weakening. The quality of governance has declined, with regions such as sub-Saharan Africa and the Middle East and North Africa experiencing acute deterioration. Over the first eight years of the past decade the world saw a steady deterioration in safety and security, due to new conflicts arising in a number of countries, particularly in the sub-Saharan Africa and Middle East and North Africa regions, and also as a result of increased terrorist activity. However, the past two years have brought a reduction in politically-related terror and violence and a slight reduction in terrorist activity, leading to an improvement in safety and security since 2017. **Sri Lanka** (75<sup>th</sup>) has seen the greatest improvement in safety and security over the past decade, due principally to the ending of its 25 year civil war. However, the nation's vulnerability was exposed earlier this year when hotels and churches were the target of terrorist attacks, with over 250 lives lost and over 500 injured.

The Social Capital pillar is the only pillar within the Inclusive Societies domain that has improved over the past decade. In particular, social networks have strengthened, as has trust in institutions, such as the police force, the judiciary, and the military. **Togo** (144<sup>th</sup>) has experienced the greatest improvement in social capital, with relationships across all spheres of society strengthening. It is one of 104 countries to experience an improvement in this pillar.



### People are more tolerant, although there is less freedom to speak, associate, and assemble

People have become more tolerant of other groups in society, particularly of the LGBT community, with residents of 111 countries expressing more tolerance than they did a decade previously. The freedom to speak, assemble and associate, however, has become more restricted across the globe over the past 10 years, with 122 countries seeing a deterioration. Contrary to the overall global decline in personal freedom, some countries are bucking the trend. For example, **Tunisia** (95<sup>th</sup>) has seen one of the greatest overall improvements in personal freedom, largely as a result of increased freedoms of assembly, association, and speech after the revolution of 2011.



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## CONCLUSION

There is much to celebrate in the findings of this year's Prosperity Index. Eighty-nine percent of countries are experiencing higher levels of prosperity than they did a decade ago, with all regions contributing to the improvement in global prosperity. Economies have become more open over the past decade, although Economic Quality has not improved to the same extent as the other economic pillars. Furthermore, living conditions, education, and health are at their highest ever levels, and are also contributing to the rise in global prosperity.

It is encouraging to see the improvement in safety and security over the past two years after eight years of decline, even though this

restoration of peace and stability is still nascent. It is also encouraging to see the rise in social tolerance as people become more accepting of other groups in society. It is, however, concerning to see personal freedoms and governance deteriorating. Given the important role institutions play in underpinning not only economic quality, but also people's lived experiences, it is imperative that countries reverse this global trend (see page 40).

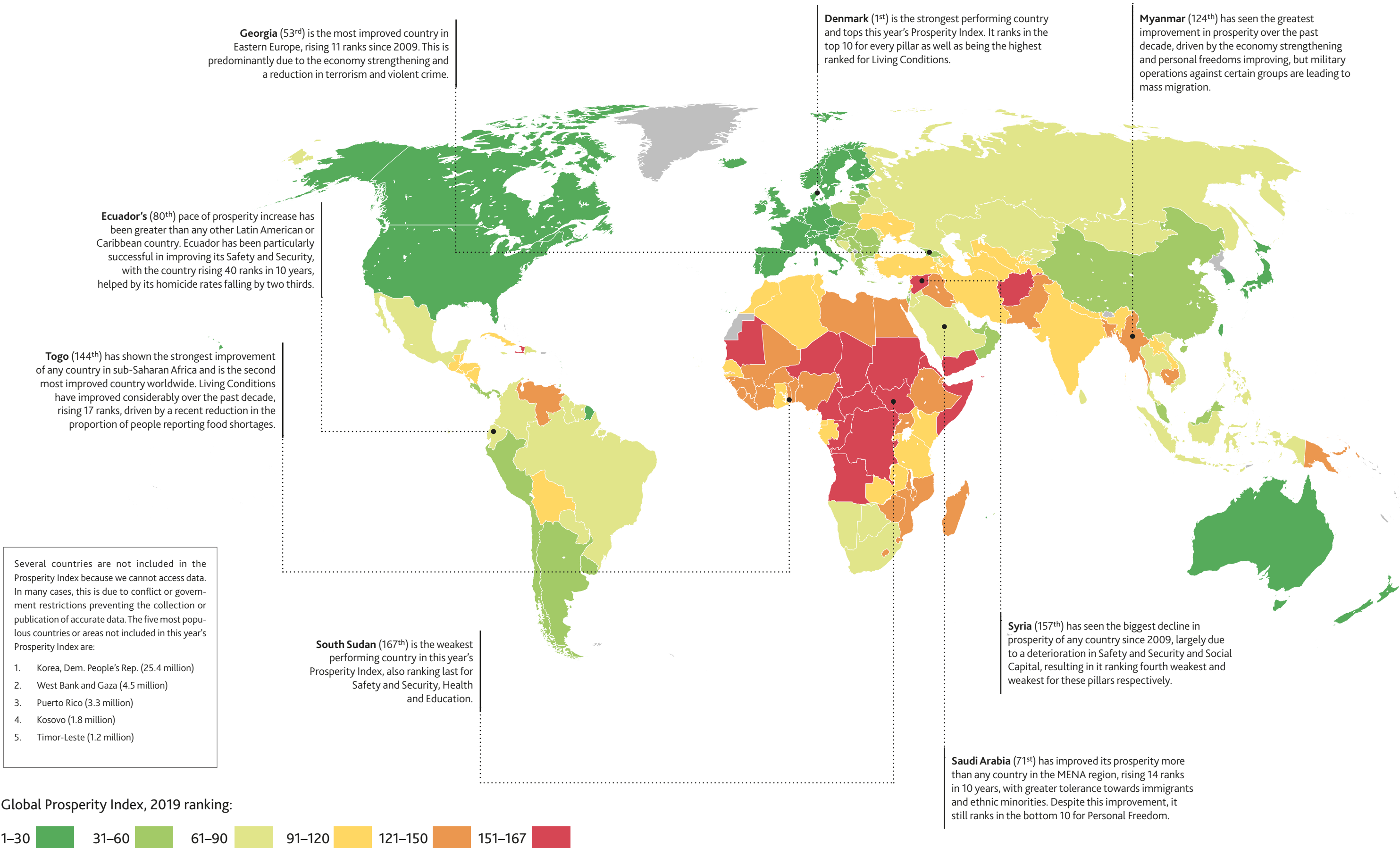
Although the rise in social capital is partially counterbalancing the failings of institutions, much more needs to be done to address the deteriorations in personal freedom and governance, to further build inclusive societies, open economies, and empowered people and drive greater levels of prosperity around the world.



*People enjoying the beach together in Lome, Togo.*

**Togo (144<sup>th</sup>)** has seen the most improvement on social capital, with relationships across all spheres of society strengthening, and is one of 104 countries to experience an improvement in social capital.

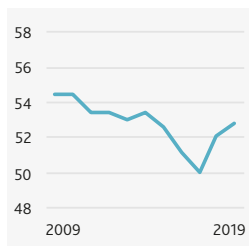
# Mapping prosperity in 2019



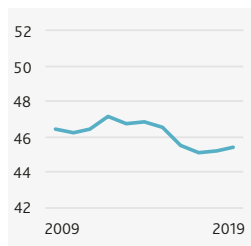
# The pillars of prosperity at a glance



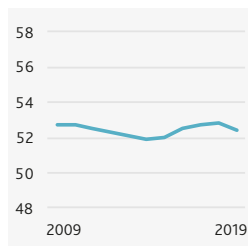
The **Safety and Security** pillar measures the degree to which war, conflict, terror, and crime have destabilised the security of individuals, both immediately and through longer lasting effects.



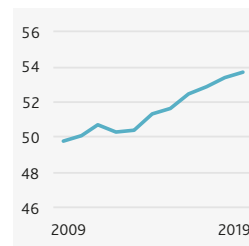
The **Personal Freedom** pillar measures progress towards basic legal rights, individual liberties and social tolerance.



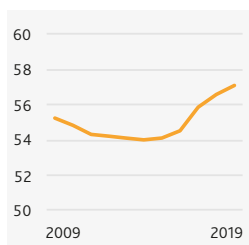
The **Governance** pillar measures the extent to which there are checks and restraints on power and whether governments operate effectively and without corruption.



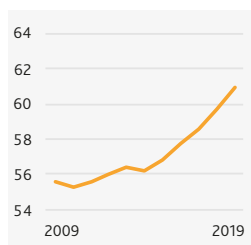
The **Social Capital** pillar measures the strength of personal and social relationships, institutional trust, social norms and civic participation in a country.



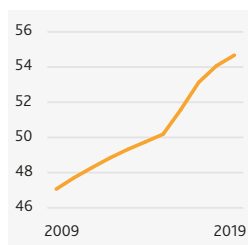
The **Investment Environment** pillar measures the extent to which investments are adequately protected and are readily accessible.



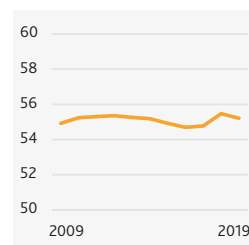
The **Enterprise Conditions** pillar measures the degree to which regulations enable businesses to start, compete, and expand.



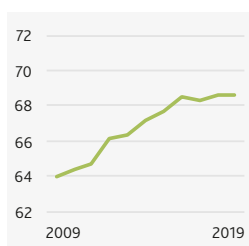
The **Market Access and Infrastructure** pillar measures the quality of the infrastructure that enables trade, and distortions in the market for goods and services.



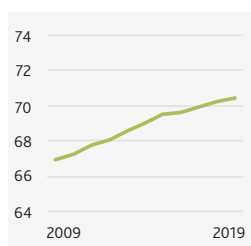
The **Economic Quality** pillar measures how well a state's economy is equipped to generate wealth sustainably and with the full engagement of its workforce.



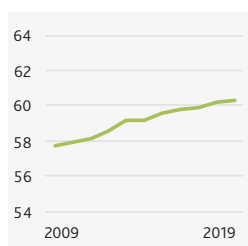
The **Living Conditions** pillar measures the degree to which a reasonable quality of life is experienced by all, including material resources, shelter, basic services and connectivity.



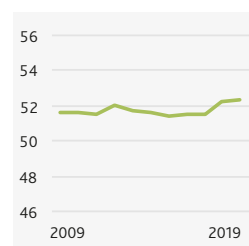
The **Health** pillar measures the extent to which people are healthy and have access to the necessary services to maintain good health, including health outcomes, health systems, illness and risk factors, and mortality rates.



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.















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.





# The Legatum Prosperity Index™












Ranks 1–56

2009 Rank	2018 Rank	2019 Rank	Country	           											
				Safety and Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Market Access and Infrastructure	Economic Quality	Living Conditions	Health	Education	Natural Environment
1	2	1	Denmark	5	2	3	2	6	7	8	8	1	8	3	10
3	1	2	Norway	2	1	1	1	2	9	15	12	7	5	11	7
4	3	3	Switzerland	1	12	7	8	13	3	7	2	4	3	12	5
2	4	4	Sweden	11	4	6	9	10	13	5	4	3	15	17	1
5	5	5	Finland	17	3	2	4	7	18	10	21	6	26	6	2
6	6	6	Netherlands	12	5	4	6	12	8	4	6	2	9	8	54
10	7	7	New Zealand	13	10	5	7	3	14	21	19	26	22	10	6
8	9	8	Germany	21	13	9	13	15	4	11	5	5	12	21	17
7	8	9	Luxembourg	3	8	8	21	22	16	2	7	9	19	33	9
9	11	10	Iceland	6	6	13	3	25	30	12	16	20	7	13	8
16	10	11	United Kingdom	16	15	11	14	4	6	9	15	8	23	15	24
14	12	12	Ireland	14	9	14	12	23	10	23	3	12	20	16	14
11	15	13	Austria	9	17	15	11	11	19	17	22	13	10	22	3
12	13	14	Canada	18	7	10	10	14	15	19	38	16	25	5	15
15	14	15	Hong Kong*	4	41	16	28	5	1	3	9	14	6	4	28
18	16	16	Singapore	7	95	25	18	1	5	1	1	10	1	1	91
13	17	17	Australia	26	14	12	15	9	21	29	31	21	18	9	19
17	18	18	United States	58	22	21	16	8	2	6	17	29	59	14	25
21	19	19	Japan	10	31	18	132	17	11	13	26	19	2	7	23
23	20	20	Malta	19	18	23	17	33	22	33	14	11	14	35	41
22	22	21	Estonia	33	25	19	38	20	20	24	11	28	55	18	13
19	21	22	Belgium	29	16	17	45	24	17	16	33	18	24	19	47
20	23	23	France	30	23	20	41	18	26	14	37	17	16	29	16
26	24	24	Taiwan	8	26	24	49	19	12	27	25	41	31	28	88
25	25	25	Spain	32	19	27	30	27	29	22	47	15	13	23	43
28	26	26	Portugal	25	11	26	53	31	28	25	49	27	30	39	45
24	27	27	Slovenia	23	27	33	40	41	40	26	29	23	32	24	4
29	28	28	Czechia	20	32	31	112	26	35	35	13	32	28	26	18
27	29	29	South Korea	35	46	30	142	21	33	20	10	25	4	2	75
31	30	30	Italy	24	29	39	56	40	25	32	52	24	17	31	48
33	31	31	Israel	129	72	22	57	16	24	30	18	22	11	25	121
32	33	32	Slovakia	27	35	40	76	30	49	44	32	33	43	48	12
38	32	33	Lithuania	28	38	34	141	32	36	37	35	38	92	27	27
30	36	34	Cyprus	43	24	32	81	44	41	31	50	30	29	36	79
34	35	35	Latvia	34	39	37	130	34	37	40	34	40	87	30	11
36	34	36	Poland	22	62	38	111	38	32	42	39	31	40	34	62
35	37	37	Chile	66	28	28	65	37	39	34	51	44	70	46	55
40	40	38	Costa Rica	48	21	35	51	53	46	60	60	55	36	55	33
42	39	39	Uruguay	41	20	29	58	43	66	59	69	46	34	57	52
44	38	40	United Arab Emirates	49	138	44	20	29	23	18	20	42	47	49	132
46	44	41	Malaysia	85	119	54	29	28	27	41	27	65	39	42	39
39	46	42	Greece	42	43	41	114	93	34	38	88	39	33	41	29
45	42	43	Qatar	15	135	56	23	47	31	28	24	43	48	64	113
43	41	44	Mauritius	38	37	36	35	35	44	56	59	56	54	62	112
41	43	45	Croatia	31	49	46	136	55	89	39	48	34	57	47	31
37	45	46	Hungary	39	89	72	90	45	57	45	30	37	52	45	30
48	47	47	Romania	40	57	47	116	36	72	47	40	64	71	61	58
47	50	48	Seychelles	52	64	51	36	65	54	54	44	68	38	67	61
50	48	49	Bulgaria	61	69	58	123	60	53	58	36	49	65	43	76
52	51	50	Montenegro	46	55	50	73	49	52	50	80	52	91	52	105
51	49	51	Panama	47	48	60	70	61	79	48	42	78	45	91	36
61	52	52	Serbia	44	77	71	96	74	64	61	73	47	72	44	99
64	55	53	Georgia	71	53	49	122	39	47	49	77	94	90	54	142
55	53	54	North Macedonia	70	82	69	84	52	56	64	72	50	56	86	80
54	56	55	Trinidad and Tobago	67	40	57	74	77	95	69	66	53	77	69	119
62	57	56	Peru	74	45	67	144	54	68	78	62	98	60	63	26

\*Hong Kong is a Special Administrative Region of China













# The Legatum Prosperity Index™

Ranks 57–112

2009 Rank	2018 Rank	2019 Rank	Country	 Safety and Security	 Personal Freedom	 Governance	 Social Capital	 Investment Environment	 Enterprise Conditions	 Market Access and Infrastructure	 Economic Quality	 Living Conditions	 Health	 Education	 Natural Environment
65	60	57	China	108	159	91	34	48	38	52	23	66	21	56	147
49	54	58	Bahrain	127	156	90	19	46	45	36	61	36	53	59	135
60	63	59	Argentina	93	30	53	113	84	123	89	108	60	46	53	50
58	59	60	Oman	36	142	85	33	59	48	43	68	62	61	72	154
67	68	61	Armenia	75	83	75	75	56	60	67	91	79	67	51	108
53	58	62	Kuwait	68	115	93	50	78	83	51	41	35	51	85	116
83	61	63	Indonesia	96	103	62	5	64	62	88	58	106	97	88	69
63	62	64	Jamaica	118	34	52	85	63	63	79	112	67	50	82	139
71	64	65	Albania	62	75	70	120	69	65	63	113	90	69	50	73
56	65	66	Thailand	128	120	105	27	57	76	55	28	75	35	79	111
59	67	67	Mexico	140	68	80	118	66	75	53	45	81	37	74	78
78	66	68	Kazakhstan	89	139	87	72	51	70	77	53	59	84	38	133
57	69	69	Brazil	111	42	66	133	73	98	86	102	63	58	90	21
69	73	70	Bosnia and Herzegovina	51	92	101	89	85	111	80	83	48	93	65	122
85	72	71	Saudi Arabia	120	158	86	43	70	43	46	56	58	68	68	144
76	70	72	Colombia	153	74	68	97	71	77	68	75	83	44	73	32
80	71	73	Belarus	76	145	123	143	81	87	73	54	45	76	32	86
82	74	74	Russia	139	144	99	101	76	80	70	43	57	103	20	44
91	80	75	Sri Lanka	126	80	73	24	101	61	95	109	103	49	66	53
66	78	76	Botswana	82	56	43	86	75	73	96	46	112	119	100	100
70	76	77	Cabo Verde	54	33	59	48	116	99	113	105	102	79	102	35
75	75	78	Dominican Republic	124	52	95	82	86	94	74	70	88	85	97	65
89	83	79	Paraguay	69	76	94	55	94	144	92	79	76	81	103	22
94	86	80	Ecuador	73	59	109	92	100	143	84	100	89	63	70	56
92	88	81	Moldova	84	98	84	105	82	101	65	111	74	96	60	134
72	82	82	Suriname	55	50	82	68	138	121	94	98	72	106	101	20
68	77	83	South Africa	136	36	48	47	72	51	81	71	109	133	104	143
88	87	84	Philippines	148	70	79	25	92	74	75	55	115	101	83	51
95	85	85	Vietnam	94	140	114	31	109	100	72	57	86	42	76	92
74	81	86	Jordan	90	121	74	107	58	59	66	126	61	80	96	151
99	90	87	Mongolia	59	63	63	67	103	92	121	96	108	100	58	130
106	89	88	Kyrgyzstan	65	100	100	37	98	106	120	87	93	89	77	60
79	79	89	Namibia	56	51	42	60	79	86	90	107	114	126	120	77
97	91	90	Guyana	81	65	76	79	96	107	101	124	82	116	92	74
77	84	91	Turkey	149	146	111	147	50	58	57	67	54	64	80	110
101	97	92	Azerbaijan	107	152	115	125	62	55	71	94	70	66	75	148
96	93	93	São Tomé and Príncipe	37	44	77	62	130	91	117	85	117	104	108	57
81	92	94	Belize	72	60	92	128	128	116	99	114	85	95	98	42
73	98	95	Tunisia	122	88	65	140	97	104	82	106	77	94	94	146
86	99	96	Ukraine	145	85	81	148	113	71	87	99	69	114	37	127
87	94	97	Cuba	95	155	135	46	90	153	98	86	80	27	40	94
84	96	98	El Salvador	125	71	78	99	88	90	93	93	91	86	109	156
93	100	99	Guatemala	116	79	107	64	89	108	76	74	113	98	117	89
100	95	100	Morocco	57	118	98	163	68	84	62	92	95	110	116	117
110	105	101	India	135	101	45	77	80	42	85	81	120	109	113	164
98	101	102	Ghana	99	47	55	59	106	69	115	142	116	117	111	101
107	104	103	Uzbekistan	63	147	148	22	87	129	103	65	100	41	81	160
90	102	104	Lebanon	144	107	122	146	102	78	83	136	51	82	84	140
105	106	105	Bolivia	77	73	125	119	115	150	119	127	99	108	95	34
115	108	106	Rwanda	121	114	64	71	42	50	105	84	145	105	128	97
103	107	107	Honduras	130	97	127	66	95	113	100	95	110	83	115	82
104	109	108	Turkmenistan	79	162	154	39	91	142	109	63	84	62	78	165
102	103	109	Nicaragua	104	113	137	106	105	138	97	115	105	78	114	63
108	110	110	Algeria	53	134	116	149	136	140	104	129	71	73	87	131
114	111	111	Senegal	100	61	61	54	124	88	125	125	118	122	142	103
109	113	112	Gabon	102	112	130	145	112	103	107	104	107	129	99	59

# The Legatum Prosperity Index™

Ranks 113–167

															
2009 Rank	2018 Rank	2019 Rank	Country	Safety and Security	Personal Freedom	Governance	Social Capital	Investment Environment	Enterprise Conditions	Market Access and Infrastructure	Economic Quality	Living Conditions	Health	Education	Natural Environment
117	112	113	Kenya	147	106	83	44	67	67	106	135	132	115	105	129
122	115	114	Tajikistan	86	149	141	26	117	122	131	148	104	74	89	136
128	114	115	Nepal	78	67	104	91	127	128	142	89	126	118	119	137
120	118	116	Laos	60	151	133	102	135	117	116	82	123	123	106	40
111	116	117	Equatorial Guinea	83	154	128	63	122	120	114	64	111	159	125	37
112	119	118	Zambia	87	108	97	80	108	82	138	153	144	128	126	38
119	117	119	Iran	131	163	138	129	126	149	110	101	73	88	71	152
125	122	120	Tanzania	113	109	96	100	120	112	130	118	135	124	134	67
121	123	121	Djibouti	112	130	121	104	99	93	111	78	124	120	141	145
126	120	122	Cambodia	114	127	156	87	125	146	102	76	129	99	124	83
118	121	123	Papua New Guinea	106	54	113	121	111	109	129	103	160	147	140	70
147	124	124	Myanmar	154	129	140	32	145	105	108	97	131	107	110	46
127	128	125	The Gambia	88	111	112	42	119	124	134	158	127	142	136	85
113	129	126	Egypt	150	161	143	127	107	85	91	143	87	111	107	157
135	125	127	Bangladesh	141	116	131	78	143	96	122	120	119	113	122	149
124	126	128	Malawi	91	78	88	156	121	115	135	139	157	135	146	72
137	127	129	Comoros	45	94	136	103	153	130	144	145	128	132	147	104
145	134	130	Côte d'Ivoire	132	96	106	150	114	110	124	90	133	155	149	96
131	133	131	Benin	64	66	89	160	146	102	133	140	147	145	148	118
132	131	132	Eswatini	92	148	134	134	104	126	123	116	122	146	131	138
130	130	133	Lesotho	98	87	102	126	129	125	127	117	140	163	123	159
139	132	134	Burkina Faso	117	58	108	124	133	119	155	141	148	138	152	98
136	135	135	Uganda	133	117	118	139	83	81	136	132	143	140	137	125
140	136	136	Liberia	80	91	103	61	134	118	164	152	150	160	156	64
129	138	137	Madagascar	115	90	129	108	131	139	143	137	166	139	144	84
143	139	138	Guinea-Bissau	50	99	142	98	157	132	150	130	158	151	161	66
156	141	139	Zimbabwe	103	124	153	110	150	155	145	146	130	134	118	128
146	144	140	Pakistan	156	122	120	88	110	127	128	138	121	127	133	167
150	140	141	Guinea	123	105	132	93	123	97	154	155	154	157	162	49
148	142	142	Iraq	165	137	145	94	148	134	118	110	97	121	121	166
116	137	143	Venezuela	146	128	167	137	158	167	126	165	96	75	93	71
158	146	144	Togo	110	110	139	164	144	136	148	122	137	148	135	141
141	147	145	Mozambique	105	84	124	95	141	148	152	166	155	143	153	68
144	143	146	Sierra Leone	101	86	117	52	149	147	157	161	159	164	151	87
123	145	147	Libya	161	136	158	115	159	161	132	131	92	102	112	162
138	148	148	Nigeria	157	102	126	69	118	131	139	157	136	162	138	114
133	149	149	Mali	152	81	110	131	142	133	149	119	141	154	163	102
153	152	150	Ethiopia	138	153	144	117	137	145	141	133	149	130	139	115
154	151	151	Niger	134	93	119	83	147	135	158	134	161	150	166	124
142	150	152	Cameroon	155	126	151	135	139	137	140	121	134	158	127	109
151	153	153	Haiti	97	104	149	152	163	166	156	151	152	144	130	155
149	154	154	Rep. of Congo	137	123	150	159	151	157	146	162	139	141	132	81
152	155	155	Mauritania	109	143	159	154	161	154	159	147	125	137	160	163
157	156	156	Angola	119	133	146	155	167	160	147	144	146	152	157	120
134	157	157	Syria	163	166	162	167	140	159	112	128	101	112	129	158
155*	158	158	Sudan	162	165	157	138	132	141	137	164	138	131	143	153
160	159	159	Burundi	158	157	152	151	154	114	153	159	164	136	150	126
161	160	160	Eritrea	142	167	164	153	152	158	160	154	153	125	158	106
166	161	161	Somalia	151	150	165	109	166	164	165	163	151	161	159	123
164	162	162	Dem. Rep. of Congo	160	141	163	157	165	156	166	156	163	156	145	107
163	163	163	Afghanistan	166	132	147	166	155	151	161	123	156	153	155	161
167	164	164	Chad	143	125	161	165	160	165	167	149	162	166	165	90
165	166	165	Central African Republic	159	131	155	161	164	163	162	150	167	165	164	95
159	165	166	Yemen	164	164	166	158	162	162	163	167	142	149	154	150
**	167	167	South Sudan	167	160	160	162	156	152	151	160	165	167	167	93

\*From 2011 Sudan excludes South Sudan, which became a separate country in 2011.

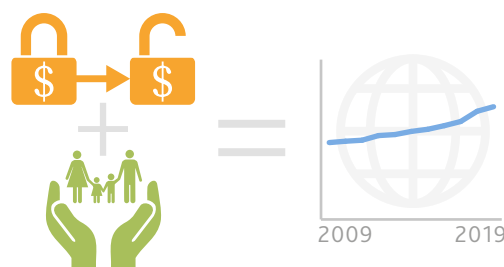
\*\*South Sudan was established in 2011. Prior to 2011 it was formerly part of Sudan

# Key findings



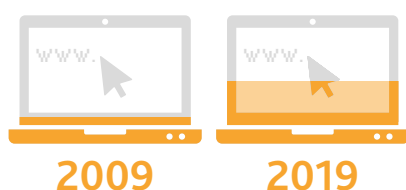
## Global prosperity continues to improve, but the gap between the strongest and weakest countries continues to widen

Global prosperity has steadily improved over the past decade and is at its highest level ever, with 148 countries improving since 2009. However, 19 countries have not improved, and their deterioration has resulted in the gap between the strongest and weakest performing countries widening since 2014.



## The improvement in global prosperity has been driven by more open economies and improvement to people's lived experience

Economies have become more open over the last decade, with enterprise conditions, market access and infrastructure and investment environment all strengthening, although economic quality is relatively unchanged. Living conditions, health, and education have also improved, although there has been stagnation in the natural environment.



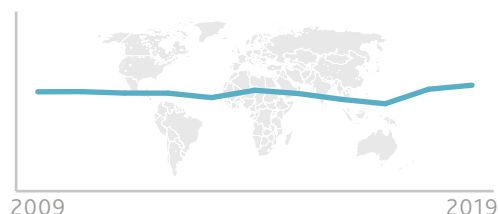
## Economies are more open due to improvements in the investment environment and in digital connectivity, and a reduction in administrative burdens

The global investment environment has become more attractive over the past 10 years. In addition, internet usage has more than doubled during this period and internet capacity is six times that in 2009. These improvements, combined with a simplification of business administration, particularly around the frequency of tax payments and starting a business, has also led to economies becoming more open.



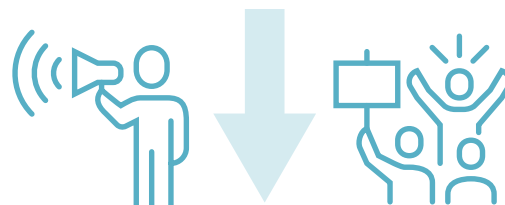
## People's lived experience has improved due to better health, education and living conditions

Improvements to health-care systems and health outcomes have driven the enhancement seen in global health. Education has also improved, particularly tertiary education, and the adult population is now more educated than they were previously. Greater personal financial security and increased access to basic services have also led to the improvement in living conditions.



## Further improvement in global prosperity is held back by stagnating institutions

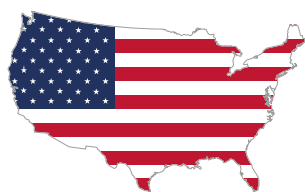
Personal freedom has deteriorated over the last decade, with all regions other than Western Europe and Latin America and the Caribbean weakening. The quality of governance has declined, with regions such as sub-Saharan Africa and MENA experiencing particular deterioration. Over the first eight years of the past decade, the world saw a steady deterioration in safety and security. However, the past two years have seen a slight improvement, but not yet enough to reverse the trend.



## People are more tolerant, but the freedom to speak, associate and assemble has deteriorated

People have become more accepting of other groups in society over the past decade, particularly of the LGBT community, with 111 countries expressing more tolerance than they did a decade previously. The freedom to speak, assemble, and associate, however has deteriorated, with 122 countries seeing a deterioration, resulting in an overall decline in personal freedom.

# Country highlights



## United States (18<sup>th</sup>)

The **United States** is ranked 18<sup>th</sup>, and is one of only 19 countries to have experienced a deterioration in prosperity since 2009. This has been driven primarily by declining mental and physical health, and rising obesity rates (rising by five percentage points to 36% of the population), causing the health of US residents to deteriorate. A reduction in the availability of adequate shelter has also contributed to a decline in living conditions. On the other hand, it has seen improvement in its market access and infrastructure.



## China (57<sup>th</sup>)

**China** ranks 57<sup>th</sup>, up 8 places since 2009, driven by improvements in its enterprise conditions and in the living conditions of its residents. The proportion of those living in absolute poverty has been reduced dramatically, from 19% of the population in 2009, to less than 1% currently. However, despite some improvements, China still ranks 159<sup>th</sup> for the Personal Freedom pillar and 147<sup>th</sup> for the Natural Environment pillar.



## Indonesia (63<sup>rd</sup>)

**Indonesia's** rise in prosperity makes it the fifth most improved country since 2009, rising 20 places to 63<sup>rd</sup> in the global rankings. Indonesia's economy has strengthened considerably, with improvements across each of the four economic pillars. It is also the second most improved country for Social Capital (5<sup>th</sup>), having risen 27 ranks as a result of a larger proportion of the population taking part in social and civic activities. It now boasts the highest levels of volunteering of any country.



## Ecuador (80<sup>th</sup>)

**Ecuador** has improved its prosperity more than any other Latin American or Caribbean country since 2009, rising 14 ranks to 80<sup>th</sup>. The country has seen wholesale improvement, particularly within the Governance and Personal Freedom pillars; government effectiveness and executive constraints are significantly better than they were in 2009, and many media freedoms have recently been re-established following the election in 2017. The country is also safer and more secure than previously, helped by a move to 'legalise' gangs.



## India (101<sup>st</sup>)

**India** rose nine places to 101<sup>st</sup> in the prosperity rankings, seeing an improvement in each pillar except Personal Freedom. Significant improvements have occurred in its enterprise conditions, where the introduction of the Goods and Services Tax has reduced the frequency of tax payments. Health outcomes have also improved, specifically longevity, and the rise in preventative and ongoing treatments has helped India rise nine ranks for the Health pillar.



## Ethiopia (150<sup>th</sup>)

**Ethiopia** is ranked 150<sup>th</sup> in the world, and has seen considerable improvement in Education (139<sup>th</sup>) over the past decade. For example, an additional 2.15 million children had access to pre-primary education over the course of just four years.<sup>1</sup> There are also promising signs that the country's institutions are strengthening; Prime Minister Abiy oversaw the formal conclusion of the conflict with Eritrea (for which he won the Nobel Peace Prize), and freedom of speech and the access to information have improved substantially.

1. Martin Woodhead, Jack Rossiter, Professor Andrew Dawes and Alula Pankhurst, "Scaling-up Early Learning in Ethiopia: Exploring the Potential of O-Class," *Young Lives Working Paper* 163 (January 2017).



# Acknowledgements

## The Prosperity Index Team

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Stephen Brien

Joshua Lee

Shaun Flanagan

Matt McFahn

Daniel Herring

Sam Pilsbury

Hugo Irving

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### Inclusive Societies:

Mikhail Antonov, Associate Professor, National Research University

Katy G. Bass, Research Director, Knight Institute at Columbia University

Sjoerd Beugelsdijk, Professor, University of Groningen

Christian Bjørnskov, Professor, Aarhus University

Saskia Brechenmacher, Fellow, Carnegie Endowment for International Peace

Anne-Marie Brook, Co-founder and Development Lead, Human Rights Measurement Initiative

Alison Brysk, Mellichamp Professor, University of California, Santa Barbara

Meagan Cahill, Senior Policy Researcher, RAND Corporation

Dave Cuillier, Associate Professor, University of Arizona

Bill Dixon, Professor of Criminology, Nottingham University

Francis Fukuyama, Mosbacher Director of the Center on Democracy, Development and the Rule of Law, Stanford University

Mark Gibney, Belk Distinguished Professor of Humanities and Political Science, University of North Carolina-Asheville

Nazim Habibov, Professor, University of Windsor

Seok-Woo Kwon, Robson Professorship in Entrepreneurship, University of Calgary

Todd Landman, Professor of Political Science, University of Nottingham

David Landsman, Director, Beargarden Advisory

Joseph D. Lewandowski, Professor of Philosophy, University of Central Missouri

Eguar Lizundia, Senior Manager for Governance, International Republican Institute

Yuki Lo, Senior Research & Evaluation Officer, Freedom Fund

Carol Ann MacGregor, Professor, Loyola University, New Orleans

Fred McMahon, Resident Fellow, Fraser Institute

Toby Mendel, Executive Director, Centre for Law and Democracy

Tanja Porčnik, Senior Fellow, Fraser Institute

Tristram Riley-Smith, External Champion to the RCUK Partnership for Conflict, Crime and Security Research, University of Cambridge

Andrea Ruggeri, Professor of Political Science and International Relations, University of Oxford

Antonio Sampaio, Research Associate, International Institute for Security Studies

Nicole Stremlau, Head of the Programme in Comparative Media Law and Policy, University of Oxford

Ian Vásquez, Director, Cato Institute's Center for Global Liberty and Prosperity

Ruut Veenhoven, Director, World Database of Happiness

Charles Watters, Professor of Wellbeing and Social Care, University of Sussex

Scott Winship, Executive Director, United States Congress Joint Economic Committee

Richard Youngs, Senior Fellow, Carnegie Endowment for International Peace

Yahong Zhang, Director, Rutgers Institute on Anti-Corruption Studies

### Open Economies:

Laura Alfaro, Warren Alpert Professor of Business Administration, Harvard Business School

Pam Bateson, CEO and Founder, Thrive Partners

Manoel Bittencourt, Professor of Economics, University of the Witwatersrand

Mikel Casares, Professor, Universidad Publica de Navarra

Tim Cheston, Senior Manager, The Growth Lab at Harvard University's Center for International Development

Cletus C. Coughlin, Senior Vice President and Chief of Staff, Federal Reserve Bank of St Louis

Saul Estrin, Professor of Managerial Economics and Strategy, London School of Economics

Johannes W. Fedderke, Professor of International Affairs and African Studies, Pennsylvania State University

Georgina Campbell Flatter, Director of Business Development for Emerging Markets, ClimaCell

Paul Frijters, Research Fellow, London School of Economics

Jamal Haidar, Assistant Professor of Economics, American University in Cairo

Andrew Hughes Hallett, Honorary Professor, University of St Andrews

Flora Huang, Senior Lecturer, University of Essex

Richard Jeffrey, Chairman of the Investment Committee, Kingswood Wealth Management

Daniel Kammen, Distinguished Professor of Energy, University of Berkeley

Graeme Leach, Fellow, Legatum Institute

Prakash Loungani, Assistant Director, International Monetary Fund's Independent Evaluation Office

Tomasz Mickiewicz, Professor of Economics, Aston University

Richard Odumodu, Visiting Fellow, Cass Business School

Vicky Pryce, Board Member, Centre for Economics and Business Research

Rita Ramalho, Senior Manager, World Bank's Global Indicators Group

Mike Reed, Faculty Member of Agricultural Economics, Kentucky University

Boopen Seetannah, Associate Professor, University of Mauritius

Andres Solimano, Founder and Chairman, International Center for Globalization and Development

David Stern, Professor, Australian National University

Mahesh Sugathan, Senior Research Fellow, International Centre for Trade and Sustainable Development

Louis Tay, Associate Professor, Purdue University

Mike Troilo, Chapman Associate Professor of International Business and Finance, University of Tulsa

Haakon Vennemo, Adjunct Professor of Economics, Oslo Metropolitan University.

Leonard Waverman, Dean of the DeGroote School of Business, McMaster University

Claudia R. Williamson, Associate Professor of Economics, Mississippi State University

Horace Yeung, Lecturer in Commercial Law, University of Leicester

#### Empowered People:

Till Bärnighausen, Director of the Institute of Public Health, University of Heidelberg

Caitlin Baron, CEO, Luminos Fund

Bruce Bradbury, Senior Research Fellow, Social Policy Research Centre at the University of New South Wales

Daniela Carrión, Regional Technical Advisor, Conservation International

Carlos Rodríguez Castelán, Lead Economist, Poverty Global Practice of the World Bank

Wai Chen, Professor, University of Western Australia

Gordon L. Clark, Director of the Smith School of Enterprise and the Environment, Oxford University

Corey DeAngelis, Adjunct Scholar, Cato Institute

Robert F. Graboyes, Senior Research Fellow & Health Care Scholar, Mercatus Center

Eric Hanushek, Senior Fellow, Stanford University

Njideka U. Harry, CEO, Youth for Technology Foundation

Dirk Hastedt, Executive Director, International Association for the Evalua-

tion of Educational Achievement

John Hattie, Professor of Education, University of Melbourne

Phin Hodson, Consultant, 2020 Delivery

Amy Kind, Associate Professor, University of Wisconsin

Diane Lalancette, Senior Project Officer, United Nations Educational, Scientific and Cultural Organization

Arik Levinson, Professor of Economics, Georgetown University

Arunima Malik, Lecturer in Sustainability, University of Sydney

Nat Malkus, Resident Scholar and Deputy Director of Education Policy Studies, American Enterprise Institute

Sam Mayer, Vice President of Public Affairs, END Fund

Allister McGregor, Professor in Political Economy, University of Sheffield

Sandra McNally, Director of the Education and Skills Programme, Centre for Economic Performance at the London School of Economics

John Merrifield, Professor Emeritus of Economics, University of Texas at San Antonio

Sarah Milder, Principal, Arundel Metrics

Christopher Moon, Senior Lecturer in Eco-Entrepreneurship, Middlesex University

Doug Noonan, Professor, Indiana University — Purdue University, Indianapolis

Anatoly Oleksiyenko, Associate Professor, University of Hong Kong

Lars Osberg, Professor, Dalhousie University

Natalie Perera, Executive Director, Education Policy Institute

Narasimha Rao, Assistant Professor of Energy Systems, Yale University

Ruhi Saith, Senior Consultant, Oxford Policy Management

Andrew Sharpe, Executive Director, Centre for the Study of Living Standards

Louise Sheiner, Senior Fellow and Policy Director, The Hutchins Center on Fiscal and Monetary Policy, The Brookings Institution

Meera Shekar, Global Lead, Health, Nutrition & Population Global Practice, World Bank

Jeroen Smits, Director, Global Data Lab

Duncan Thomas, Professor of Economics, Global Health and Public Policy, Duke University

Adolfo Martínez Valle, General Director of Evaluation, Mexican Ministry of Health

David N. Weil, Professor of Economics, Brown University

Heinz Welsch, Professor Emeritus, University of Oldenburg

Zach Wendling, Principal Investigator of the Environmental Performance Index, Yale Center for Environmental Law & Policy

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CREATING THE PATHWAYS FROM POVERTY TO PROSPERITY

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## PROSPERITY INDEX

The Legatum Institute is an international think tank and educational charity whose mission is to promote policies that create the pathways from poverty to prosperity

### **Legatum Institute**

11 Charles Street  
London W1J 5DW  
United Kingdom  
T: +44 (0) 20 7148 5400

[www.li.com](http://www.li.com)  
[www.prosperity.com](http://www.prosperity.com)

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