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PROSPERITY INDEX



The Legatum Prosperity Index[™]

A tool for transformation

Overview 2020

FOURTEENTH EDITION

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Foreword



The principles of prosperity at a moment of global crisis

We are launching this year's Legatum Prosperity Index™ at an extraordinary moment in time. Across the world, COVID-19 is dominating our political, economic, and social debate. None of us was expecting 2020 to look like this. It is a moment that, wherever we are in the world, will challenge our principles and our decision making, and reveal what we really believe. If this time is about anything, it is for each nation to decide its character and who it wants to be. The decisions we make now will create the foundation for our nations going forward, and determine the legacy we will leave for future generations. We need to decide carefully.

China was the first country to be impacted by COVID-19, and its response framed the context for the rest of the world. Its approach was one that moved to withhold information about the virus, restrict the freedoms of its people, and lock down its economic engine. Such actions are consistent with ranking 90th in the Index for Governance and 159th for Personal Freedom. Subsequently, many other countries responded by severely curtailing civil rights and economic freedoms. But these are not the actions that build prosperity, they are the ones that weaken it.

At a time of crisis, it is our core principles that we should be drawing on — the things we know to be true. It is here that the Index can be a guide, reminding us of what builds and protects prosperity in the most challenging of times. The Index has been purposefully designed to help leaders around the world focus on what needs to be protected and what is of value. During a time of crisis, the Index can equip leaders to ensure that their decisions enable their citizens to flourish.

We know that prosperity is built when

- Governments make decisions in such a way that engenders trust, and with integrity respecting the freedom of its citizens: prosperous nations are ones where governments govern with the agreement of the people, and where citizens take responsibility.
- Economic decisions are taken responsibly to sustain an enabling environment for productive employment, sustained economic growth and personal development.
- The principles of personal responsibility and freedom go hand in hand. Citizens are free and order their lives taking responsibility for their own families and communities
- People take care of their own physical health and mental well-being and healthcare is accessible to all. They do not make decisions that threaten the health of others.

True prosperity means everyone, regardless of the darkness of the days, has the opportunity and responsibility to fulfil their unique potential and play their part in strengthening their communities and nations. Prosperous nations are built on trust and respect.

The backdrop to 2020

Not only does the Legatum Prosperity Index act as a guide through difficult times, it also assesses the context in which decision makers are operating. We are hugely fortunate that the backdrop to the COVID-19 crisis is one where global prosperity was at its highest level ever. There is never a good time for a global health crisis, but if there has to be one, the progress that has been made over the last decade provides emerging nations with a better context in which to tackle it.

This year's Index reveals that, prior to the coronavirus pandemic, global prosperity stood at a record high, with 147 out of 167 countries seeing prosperity rise over the last decade. This increase is due to wide ranging improvements: better health, education, and living conditions, especially expansions in immunisation programmes and antenatal care, increases in pre-primary and tertiary education enrolment, and reductions in poverty, greater access to water and sanitation services, and increased digital connectedness.

In addition, economies around the world had become more open due to improvements to digital and transport infrastructure. Many of the financial protections that are necessary to provide investors with confidence — property rights, investor protections, contract enforcement — had also strengthened, leading to an increase in the extent to which finance was made available to business.

A warning

However, there is also a warning in the Index. The improvement seen in the last 12 months had not kept pace with the progress of the previous two years, as Asia-Pacific and Western Europe stagnated and North America deteriorated slightly. In addition, stagnating governance and personal freedom around the world is holding back further improvement in prosperity.

As each nation navigates its way through and out of the pandemic, good governance will be crucial in creating more prosperous societies. Now, more than ever, is the time for governments to show decisive and effective leadership. An autocratic approach will not overcome the challenges that lie ahead. Success is dependent upon the full involvement and engagement of a society where personal freedoms are protected.

Innovation and dynamism will be critical to forging strong economies following the disruption of the pandemic. Developed nations that expect so much of emerging nations must beware the trap of falling into the mindset of an overdeveloped society, vulnerable to entitlement and complacency, losing sight of their values and heritage. The West must avoid a managerial mindset that seeks to avoid change and risk, but in the process sacrifices innovation, purpose, and meaning: this would create a window through which the inheritance of hard-won prosperity from their forbears would evaporate.

For a time such as this, the Index functions as a transformational tool that provides leaders of nations with a holistic and comprehensive framework that can inform the strategic choices that need to be made, to further build inclusive societies and more open economies, and improve the lived experience of all citizens, to drive greater levels of prosperity around the world.

In the wake of COVID-19, we at the Institute are even more ambitious to support political leaders, policymakers, investors, business leaders, philanthropists, journalists, and researchers, to share insights and forge closer relationships to effect the renewal and implementation of policies that can realise and unlock real prosperity.

Please do contact us at 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 and to provide a roadmap as nations chart their way through and out of the pandemic. The Index consists of 12 pillars of prosperity, built upon 66 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 66 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 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. 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:

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.



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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 76).

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

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 66 elements of prosperity to create a much more granular perspective of performance and the potential binding constraints to development.

Each of the 66 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-focused 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, such as 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 pathways from poverty to prosperity are 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.



Credit: istockphoto.com



Executive Summary

INTRODUCING THE 2020 PROSPERITY INDEX

The Legatum Institute's 2020 Prosperity Index measures prosperity in 167 countries across the globe, which together contain 99.4% of the world's population. Almost 300 country-level indicators, grouped into 66 policy-focused elements, are used to comprehensively and holistically measure the current state of prosperity, and how it has changed since 2010 around the world.

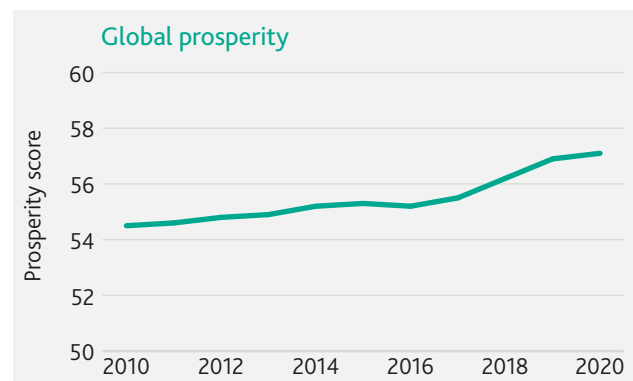
As well as tracking the performance of nations to date, the Prosperity Index also provides an invaluable framework for nations to assess their strengths and weaknesses as they chart their way through and out of the COVID-19 pandemic. This will help them determine the strategic choices that need to be made to further build inclusive societies, open economies, and empowered people to drive greater levels of prosperity for all their citizens.

THE KEY FINDINGS FROM THIS YEAR'S REPORT ARE:

1. **In the decade prior to COVID-19, global prosperity had risen continuously, driven by people's lived experience improving and by more open economies.**
2. **People's lived experience improved due to better education and living conditions across all regions. Health also improved in all regions except for North America.**
3. **Economies had become more open due to improvements to communication and transport infrastructure, strengthened property rights, greater protections for investors, and increased access to finance.**
4. **The improvement in social capital also contributed to the increase in global prosperity, but further progress has been held back by governance and personal freedom stagnating.**
5. **A lack of contestability within domestic markets and extensive restrictions on international investment is acting as a brake on economies becoming more open across parts of the world.**
6. **The improvement in global prosperity in the last 12 months has not kept pace with the progress of the previous two years, as Asia-Pacific and Western Europe stalled, and North America deteriorated slightly.**

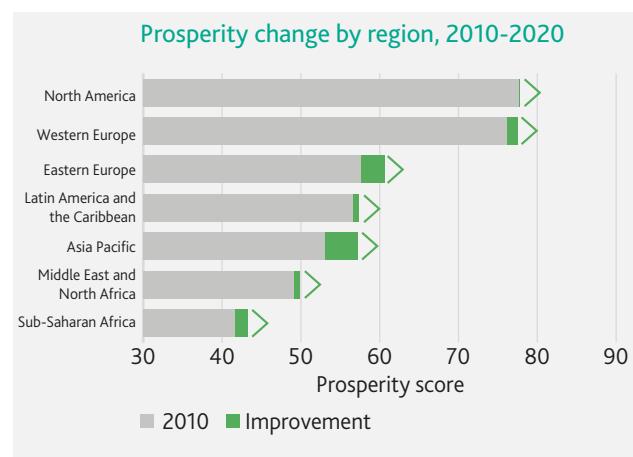
It is sobering to think that the first case of COVID-19 was already present in the global population at the time we launched the 2019 Prosperity Index last November. Twelve months on, as we publish

the 2020 Prosperity Index, the world is very different but the decade up until 2020 is one of growth.

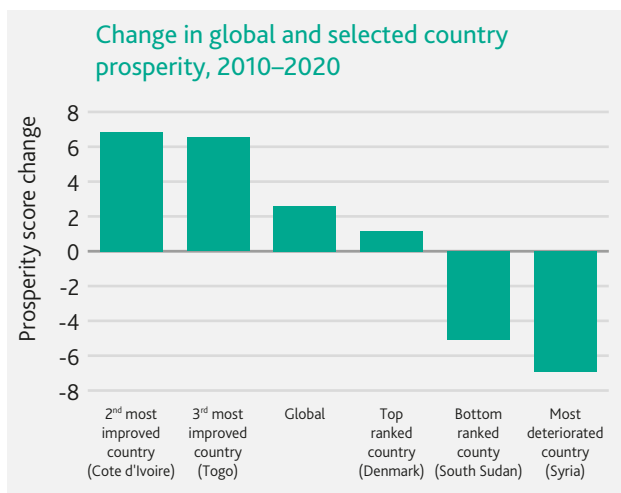


In the decade prior to COVID-19, global prosperity had risen continuously, driven by people's lived experience improving and by more open economies

The global challenges raised by COVID-19 are considerable, but we should be encouraged that, in the decade up until the pandemic struck, global prosperity continued to rise year-on-year, and stood at its highest ever level in 2020. All seven regions improved and, out of the 167 countries in the Index, 147 saw an improvement in their prosperity during this period, providing a solid foundation upon which to chart a way through and out of the current pandemic.



The improvement in prosperity has been driven by the lived experience of people improving, with all but seven countries seeing an improvement in the Empowered People domain, and more Open Economies across the globe, with 150 nations seeing an improvement in this domain.



Two of the most improved countries over the past decade are from the sub-Saharan Africa region (**Côte d'Ivoire** (124th) and **Togo** (140th)). The improvement in Côte d'Ivoire is broad and, following a peaceful election in 2015, has been achieved through the government adopting a National Development Plan that set out a range of social and economic reforms to be implemented during 2016–2020. As a result, governance has improved substantially in the country, with a 36-rank improvement for this pillar, and there has been a concomitant increase in confidence in government. The strengthening of the social contract seen in Côte d'Ivoire is further explored in the essay *Why a strong social contract is perhaps the best means of tackling systemic corruption* (page 40). The country is also beginning to see the fruit of these reforms in its economy, with a 28-rank rise in the Open Economies domain since 2010. As a result of the institutional, economic, and social improvements Côte d'Ivoire has made, it has moved up 21 places in the prosperity rankings since 2010.

Côte d'Ivoire is exemplary of the correlation that we see between improvements in government effectiveness and improvements in open economies, which we also see across sub-Saharan Africa, the Middle East and North Africa, and Eastern Europe.

The increase in global prosperity over the past decade is the result of many countries like Côte d'Ivoire making conscious choices that have led to their economies becoming more open and improving the lived experience of their citizens.

People's lived experience improved due to better education and living conditions across all regions. Health also improved in all regions except for North America

Near-universal progress in health over the past decade, with all but 12 countries, including the United States, seeing an improvement, has contributed to the rise in global prosperity. Expansions in immunisation programmes for diphtheria, measles, and hepatitis have resulted in a greater percentage of the global population being inoculated against these life-threatening diseases. This, together with antenatal care now covering over 90% of women across the globe, has led to the improvement seen in preventative interventions. In **India** (101st), for example, which saw a 41 rank rise in this health element, only 29% of the population were vaccinated against hepatitis in 2010, but this increased to 89% in 2020, and those inoculated against diphtheria also increased to 89%, up from 70% in 2010. Global health also improved as a result of the number of healthcare practitioners increasing, with more births being attended by a healthcare professional than a decade previously, and the treatment for tuberculosis being expanded. It is not surprising that as a result of preventative interventions and care systems improving, we also see global mortality rates decreasing across all the key stages of life, and life expectancy at age 60 increasing. However, these improvements are now under threat as the health of many nations around the globe has been under considerable strain due to the pandemic. A particular concern at the start of the year was how nations with less advanced healthcare systems would cope with the virus. However, we now know that the virus disproportionately affects the elderly and those with comorbidities. This demographic make-up is more commonly found in more developed countries — the median age in Italy is 47.3, whereas the median age across Africa is around 20, and the obesity rate in the United States stands at over 40%, compared to less than 10% in Africa — so it is generally



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Nursery children from Côte d'Ivoire in national dress.

Côte d'Ivoire has moved up 21 places in the prosperity rankings since 2010, with impressive improvements in many pillars.

the health systems of more developed nations that have been in greater danger of being overwhelmed.

The increase in global prosperity is also the result of better education, which improved as a result of better access: enrolment rates increased at each stage of the education system, with children starting education earlier and finishing later. Tertiary education, in particular, saw a big improvement in enrolment rates. In 2010, 31% of the global adult population enrolled in a higher education course, but this had increased to 42% by 2020. The improvements in education have paid dividends, with the adult population becoming more skilled than a decade previously. Globally, over 85% of adults are now literate, four percentage points higher than in 2010.

Over the past decade, 150 countries have improved their education. We must now take care to ensure that these hard-fought-for gains are protected. The choices that are made by governments at this time will determine the future social wellbeing and economic prospects of a generation. One American study cites that today's students in the U.S. can expect at least 3% lower lifetime earnings, as a result of the lower skill levels they will achieve. In addition, school closures are estimated to result in a 1.5% loss in the nation's future GDP.¹ This is equivalent to a total economic loss of \$14.2 trillion in current dollars over the next 80 years. As many countries around the world head into yet further restrictions, prioritising keeping schools open safely is a must, to ensure today's pupils are not further disadvantaged by this pandemic.

Living conditions have improved in all regions across the globe, which also contributed to the rise in prosperity. In particular, reductions in poverty across all measures, greater access to water and sanitation services, together with increased digital connectedness, have all contributed to the global improvement. Since 2010, 152 countries have improved the living conditions of their citizens, with four of the top five most improved countries in the Asia-Pacific region. **Vietnam** (73rd) improved the most, with poverty rates significantly reducing. For example, the percentage of the population that live on less than \$3.20 a day has fallen from almost 50% a decade ago to less than 10% now, and the percentage that survive on less than \$5.50 has reduced from nearly 80% of the population to less than 25%. Despite this overall global improvement, 15 countries have seen a deterioration in living conditions, and it has been estimated that the pandemic could result in poverty rates increasing by as much as 10%, potentially setting back the hard-fought-for reductions by 20 years. If governments do not take the necessary steps to protect prosperity in their nation, then this is likely to be further exacerbated — decision makers need to remain mindful of what builds prosperity even in these difficult days.

Economies had become more open due to improvements to communication and transport infrastructure, strengthened property rights, greater protections for investors, and increased access to finance

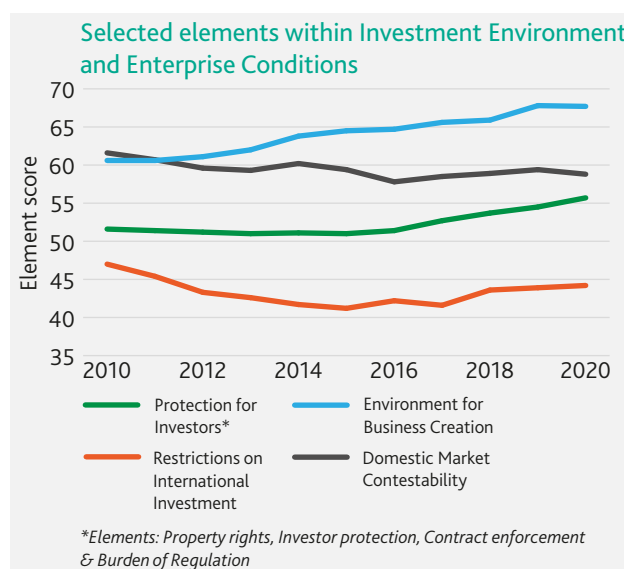
The expansion of communications infrastructure across the globe is the main reason for the improvement in the Open Economies domain over the past decade, with all countries apart from Sweden, having a stronger performance in the Communications element in 2020 than in 2010. Global network coverage for mobile phones expanded, with nearly 90% of the population having potential access to 2G, 3G, or 4G networks, and over 50% of the global

population using the internet, up from 23% a decade previously.

These strengthened communication networks have increased the potential for commerce, mobile banking, and social connectedness all around the world, in ways not imaginable a generation ago, and have also enabled many businesses to keep operating during government-imposed lockdowns. Improvements to transport infrastructure also contributed to economies becoming more open, with 124 countries improving since 2010, primarily due to greater connectivity through improvements to roads, airports, and shipping. These combined improvements have led 160 of 167 countries to have improved in the Market Access and Infrastructure pillar over the last decade.

There have also been improvements to the Investment Environment pillar. Many of the protections that are necessary to provide investors with the confidence to invest — property rights, investor protections, contract enforcement — have also improved in many nations. We also see that the financing ecosystem, the extent to which finance is made available to business, has also improved in recent years. Outside of North America and Western Europe (these being regions where property rights are already well established), improvements in property rights are strongly associated with improvements in prosperity, particularly in Eastern Europe and the Middle East and North Africa.

In addition, the Environment for Business Creation element, which measures how easy it is to start and grow a business with access to the right labour market and that ensures businesses are protected, has also improved, which is coupled with a reduction in the amount of time and effort businesses spend complying with regulations. For example, in **Morocco** (96th), the average number of tax payments a business submits per year has fallen from 28 to 6, which is concordant with over a 50% reduction in the hours a business spends filling in tax returns. The percentage of time businesses spend in complying with regulations has also reduced from 11% to 5%. Many governments around the world recognise the benefits of streamlining and simplifying regulatory and tax compliance and have taken the steps to make improvements. Compared with 2010, 134 countries have seen an improvement in the Burden of Regulation element. These improvements not only benefit businesses, but also the civil servants that administer compliance, so they are relatively well implemented without contention or challenge.



Farmers transporting their produce in Bac Giang Province, Vietnam.

Vietnam has reduced its poverty rate significantly, from almost 50% of people living on less than \$3.20 per day a decade ago to fewer than 10% now.



Credit: shutterstock.com



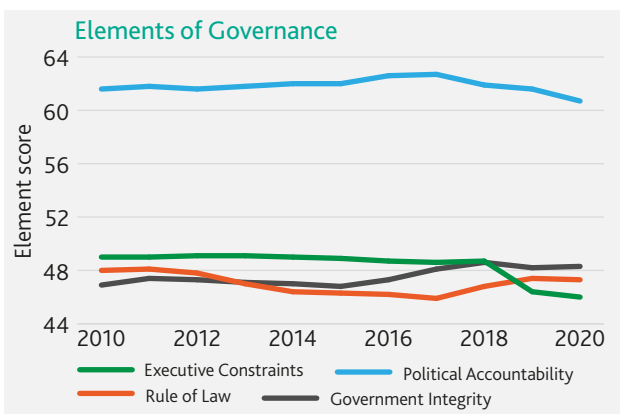
Kyrgyzstan's Prime Minister and acting President Sadyr Japarov attends a meeting of the Kyrgyz Supreme Council.

Kyrgyzstan's government integrity has improved the most in the world since 2010.

The improvement in social capital also contributed to the increase in global prosperity, but further progress has been held back by governance and personal freedom stagnating

Stronger social networks, greater trust in others and in institutions, and increased participation and engagement in society have all contributed to the global improvement in the Social Capital pillar and to the rise in global prosperity over the past decade. This improvement, however, is predominately being driven by Asia-Pacific and Eastern Europe, with North America seeing a slight decline. As part of our work on the U.S., we explore the deterioration in social capital across the 50 states of the Union and Washington D.C. in our United States Prosperity Index.²

However, governance across the world has stagnated over the past decade and is holding back further increases in prosperity. There is, however, a mixed performance in the elements within this pillar. Government integrity has strengthened, with **Kyrgyzstan** (90th) and **Argentina** (63rd) improving the most, as has the rule of law in recent years, whereas political accountability and executive constraints — which measures the checks and balances on the elected government and their officials — have weakened, particularly in the latest years. **Turkey** (94th), **Poland** (36th), and **Hungary** (46th) have seen the greatest deterioration across these elements. In our previous reports we have demonstrated the importance of establishing good governance to drive a strong economy, and this is yet again confirmed by the 2020 Index. Of the 80 nations that saw an improvement in their governance in the 2020 Prosperity Index, 77 also saw an improvement in the openness of their economy.



Further improvement in global prosperity is also being held back by personal freedoms stagnating. We see that the freedom to speak and access information and the freedom to assemble and associate

have both weakened over the past decade, with 121 and 116 countries respectively seeing a deterioration in these areas. Regionally, there is a considerable difference in the performance of personal freedom, with Eastern Europe and the Middle East and North Africa seeing a big deterioration since 2010, with 14 (out of 23) and 11 (out of 19) countries deteriorating in those regions, but Western Europe improving with 16 (out of 20) countries having stronger personal freedoms than in 2010.

A lack of contestability within domestic markets and extensive restrictions on international investment is acting as a brake on economies becoming more open across parts of the world

While many nations have been willing to make changes that make starting and operating a business easier, there has been a worldwide deterioration in the openness and contestability of domestic markets. Addressing vested interests, enabling new participants to enter markets, and increasing competition would reverse this decline. For example, countries that have taken steps to remove these barriers and experienced the biggest improvement over the past decade in domestic market contestability are **Guinea** (139th) and **Côte d'Ivoire** (124th). Similarly, over the past decade there have been increased restrictions on international investment in more than 100 countries. Auspiciously, examples of restrictions being reduced can be found all around the world, including for example, **Cambodia** (118th), **Cabo Verde** (75th), and **Albania** (67th).

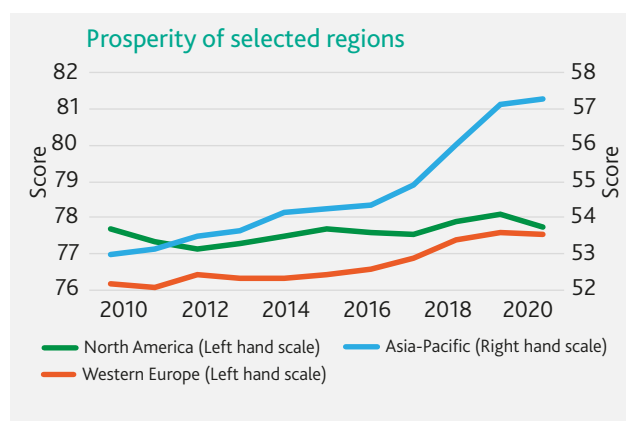
The improvement in global prosperity in the last 12 months has not kept pace with the progress of the previous two years, as Asia-Pacific and Western Europe stalled, and North America deteriorated slightly

Global prosperity increased year-on-year between 2010 and 2020, but the rate of progress slowed considerably over the past 12 months. While 86% of the global population lived in countries that experienced an increase in their prosperity between 2017 and 2018, and 81% lived in countries that saw increased prosperity between 2018 and 2019, only 61% of people lived in countries that saw an improvement between 2019 and 2020. This slowdown in the rate of prosperity improvement is a concern, especially given it captures the year leading up to when the pandemic struck.

The increase in global prosperity over the past decade has been driven predominantly by the improvement across Asia-Pacific, with 8 of the 15 most improved countries globally located in that region.

Over the past year, however, the region has seen a slowdown in its prosperity improvement, due to a deterioration in safety and security, personal freedom, economic quality, and education, together with a slower rate of improvement in enterprise conditions and market access and infrastructure.

In particular, a number of highly populous countries in the region have seen a deterioration in personal freedoms over the past year, including **India** (101st), **Philippines** (83rd), **Pakistan** (139th), and **Bangladesh** (123rd), mainly due to the freedom to associate, assemble and speak being eroded. **Hong Kong** (17th) has seen the biggest decline in personal freedom across the region and has seen the 5th biggest decline globally over the past year. This is a pressing concern given that countries in the Asia-Pacific region generally have weaker personal freedoms than would be expected for their overall level of prosperity, and the response to the virus risks holding back improvement in this area.



The slowdown in Asia-Pacific is concerning given the potential impact of the virus, but perhaps of greater concern is the deterioration in North American prosperity and stagnation in Western European prosperity over the latest year. In contrast to Asia-Pacific, these historically successful regions are starting to see a potential turning point in the quality of their investment environment and enterprise conditions. The economic structures in these nations have been under the spotlight, and need to be urgently reset to increase the levels of entrepreneurship, innovation, and dynamism that these regions and the whole world needs, to help restore

prosperity following the pandemic. There was also a deterioration in education across North America in the year prior to the pandemic, with secondary and tertiary education weakening. School and university closures as states went into lockdown will only further exacerbate this deterioration and all must be done to keep these educational institutions open safely.

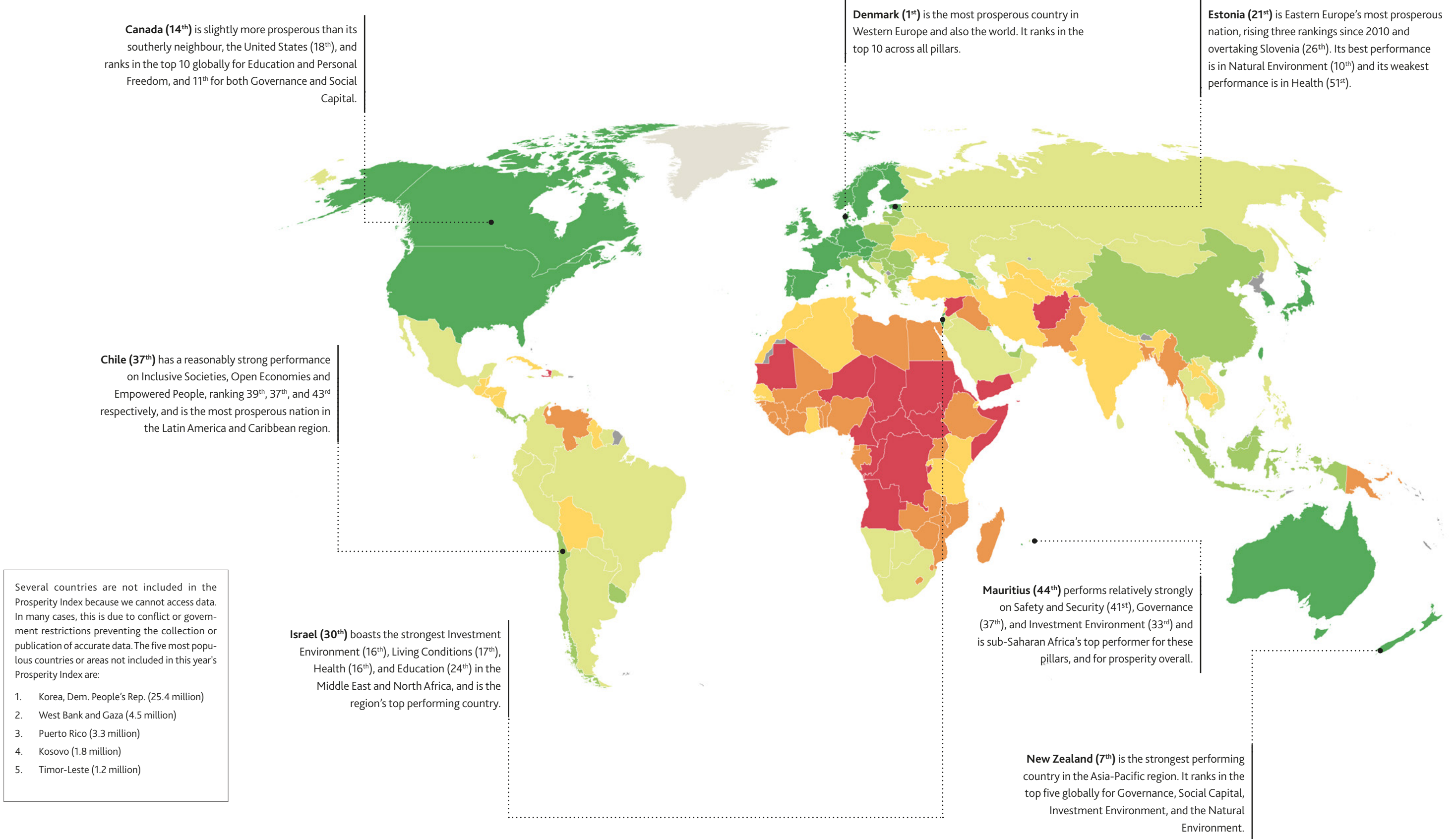
CONCLUSION

A decade of continuously improving prosperity provides a solid foundation upon which to build for the future. Although the world has changed dramatically in the year since the release of our last Index, how prosperity is generated and perpetuated within a nation is unchanged. While many nations continue to grapple with the social, economic, and health impacts of COVID-19, choices need to be made that are likely to have longer-term consequences.

As each nation navigates its way through and out of the pandemic, good governance will be crucial in creating more prosperous societies. Now, more than ever, is the time for governments to show decisive and effective leadership. An autocratic approach will not solve the challenges. Success is dependent upon the full involvement and engagement of society where personal freedoms are protected. Innovation and dynamism will be critical to forging strong economies following the disruption of the pandemic. Further strengthening investor protections, removing vested interests, and opening up to international financial markets will enable businesses to start, grow, and flourish, creating sustained economic growth. Education must also be prioritised, so that people can reach their full potential and meet the labour market demands of the future. Healthcare systems must protect immunisation programmes and support people as they take care of their own physical and mental health needs, and everybody should be mindful and respectful of the potential impact on others as they exercise their freedoms.

For a time such as this, the Prosperity Index functions as a transformational tool that provides leaders of nations with a holistic and comprehensive framework that can inform the strategic choices that need to be made, that will further build inclusive societies and more open economies, and improve the lived experience of all citizens, to drive greater levels of prosperity around the world.

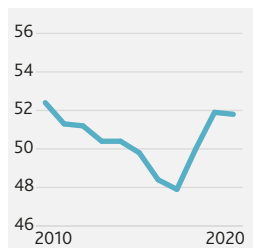
Mapping prosperity in 2020



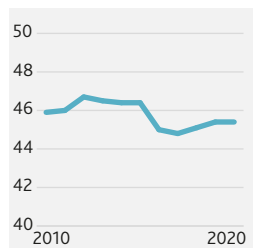
The pillars of prosperity at a glance



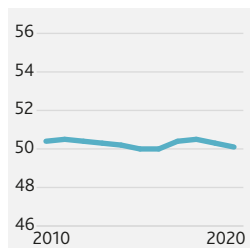
The **Safety and Security** pillar measures the degree to which war, conflict, terror, and crime have destabilised the security of individuals, both immediately and through longer lasting effects.



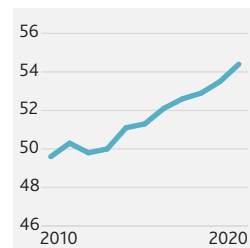
The **Personal Freedom** pillar measures progress towards basic legal rights, individual liberties, and social tolerance.



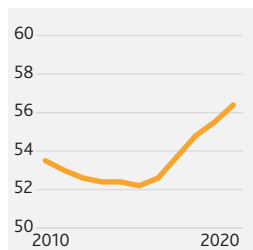
The **Governance** pillar measures the extent to which there are checks and restraints on power and whether governments operate effectively and without corruption.



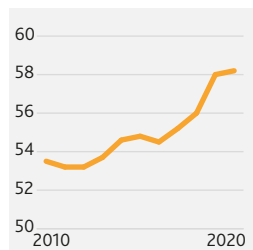
The **Social Capital** pillar measures the strength of personal and social relationships, institutional trust, social norms and civic participation in a country.



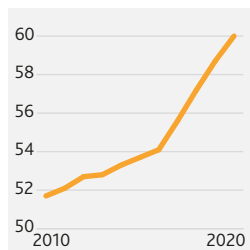
The **Investment Environment** pillar measures the extent to which investments are adequately protected and are readily accessible.



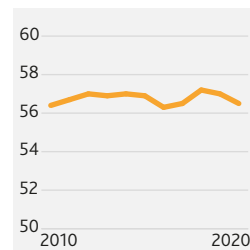
The **Enterprise Conditions** pillar measures the degree to which regulations enable businesses to start, compete, and expand.



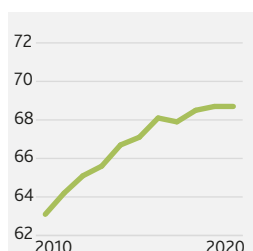
The **Market Access and Infrastructure** pillar measures the quality of the infrastructure that enables trade, and distortions in the market for goods and services.



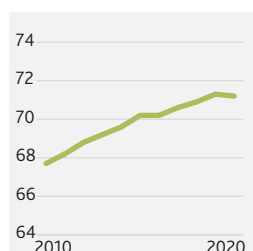
The **Economic Quality** pillar measures how well an economy is equipped to generate wealth sustainably and with the full engagement of the workforce.



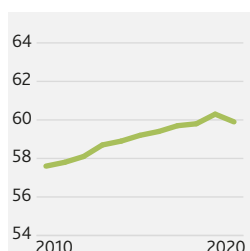
The **Living Conditions** pillar measures the degree to which a reasonable quality of life is experienced by all, including material resources, shelter, basic services, and connectivity.



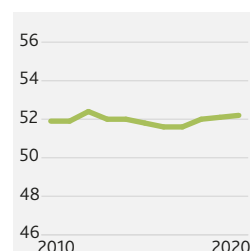
The **Health** pillar measures the extent to which people are healthy and have access to the necessary services to maintain good health, including health outcomes, health systems, illness and risk factors, and mortality rates.



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

															
2010 rank	2019 rank	2020 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
2	2	1	Denmark	10	2	3	1	6	6	8	8	1	6	3	8
3	1	2	Norway	2	1	2	2	2	11	25	9	8	7	8	9
4	3	3	Switzerland	1	12	7	9	15	3	11	1	5	4	12	6
1	4	4	Sweden	14	3	6	7	8	16	6	7	3	9	16	1
5	5	5	Finland	16	4	1	3	5	14	9	20	9	21	5	2
6	6	6	Netherlands	13	5	4	8	9	8	2	5	2	15	7	44
7	7	7	New Zealand	25	10	5	5	4	15	23	24	26	23	15	4
8	8	8	Germany	22	11	9	15	17	5	5	4	4	17	27	19
9	9	9	Luxembourg	3	6	8	28	24	7	10	3	7	8	36	11
10	12	10	Austria	4	14	15	10	11	19	16	18	11	26	22	5
12	14	11	Iceland	5	9	12	4	22	28	22	19	22	5	14	20
16	11	12	Ireland	12	8	14	16	25	13	28	6	13	22	13	15
15	10	13	United Kingdom	21	19	13	12	7	12	7	16	10	25	17	25
11	13	14	Canada	20	7	11	11	21	17	20	25	16	33	6	13
17	16	15	Singapore	9	92	25	18	1	2	1	2	6	1	1	90
14	17	16	Australia	18	16	10	19	12	23	30	32	19	19	11	21
13	15	17	Hong Kong*	6	46	19	72	3	1	3	12	18	13	4	33
18	18	18	United States	66	22	22	17	10	4	4	17	28	59	20	22
21	19	19	Japan	7	31	18	140	13	10	13	27	20	2	9	18
22	22	20	Taiwan, China	8	26	20	44	14	9	19	14	25	18	10	89
24	21	21	Estonia	30	25	16	41	20	18	26	15	29	51	19	10
20	20	22	France	39	23	21	40	19	22	14	28	15	20	29	17
19	23	23	Belgium	31	18	17	79	23	21	15	29	21	24	18	55
25	25	24	Spain	29	15	26	26	26	27	12	44	14	12	26	38
26	24	25	Malta	15	20	24	22	38	26	34	13	12	14	34	105
23	27	26	Slovenia	17	29	34	37	37	33	27	30	23	27	23	3
28	26	27	Portugal	26	13	27	53	30	30	18	47	27	29	40	40
27	29	28	South Korea	35	42	29	139	18	36	17	10	24	3	2	71
29	28	29	Czechia	11	30	28	127	28	46	29	11	32	30	31	29
32	31	30	Israel	116	51	23	30	16	25	36	22	17	16	24	118
30	30	31	Italy	23	24	39	64	40	31	24	51	30	10	35	46
35	32	32	Latvia	36	36	35	117	34	32	40	34	41	86	28	7
31	33	33	Cyprus	42	28	33	92	45	34	31	53	33	32	33	52
40	34	34	Lithuania	33	40	32	156	32	35	38	36	36	87	25	24
33	35	35	Slovakia	32	35	38	81	31	54	49	35	34	45	52	16
34	36	36	Poland	27	55	40	114	43	44	39	38	31	40	32	45
36	37	37	Chile	67	33	31	105	35	41	35	49	46	64	46	42
38	38	38	Costa Rica	50	21	36	51	56	48	51	64	55	34	48	23
39	39	39	Uruguay	45	17	30	55	44	66	64	65	45	31	53	41
45	42	40	Malaysia	74	111	46	25	27	29	41	26	66	39	43	47
41	41	41	Greece	24	44	42	87	88	42	33	87	38	37	39	32
46	40	42	United Arab Emirates	49	146	41	32	29	20	21	37	44	42	49	106
42	43	43	Croatia	28	54	47	142	51	84	32	48	39	56	47	31
43	45	44	Mauritius	41	37	37	38	33	43	52	60	56	66	67	113
44	44	45	Qatar	19	144	60	27	47	24	37	21	43	44	60	109
37	46	46	Hungary	38	81	77	54	46	83	43	31	37	48	41	35
47	47	47	Romania	37	47	55	134	42	68	45	42	61	69	64	39
49	49	48	Bulgaria	55	63	57	112	55	55	55	39	49	68	45	84
48	48	49	Panama	51	41	62	67	60	77	50	46	79	41	92	30
52	51	50	Montenegro	44	57	54	61	53	56	65	66	51	89	51	87
51	50	51	Seychelles	56	68	52	46	64	52	69	57	70	38	71	70
61	52	52	Serbia	34	73	80	85	70	91	63	63	48	75	44	98
64	53	53	Georgia	73	61	51	111	41	53	56	82	89	82	55	115
65	54	54	China	87	159	90	42	48	40	46	23	60	11	57	141
78	63	55	Armenia	63	74	67	74	49	51	79	88	73	62	58	91
50	58	56	Bahrain	105	156	105	21	36	37	42	59	40	52	61	133

*Hong Kong is a Special Administrative Region of China













The Legatum Prosperity Index™

Ranks 57–112

2010 rank	2019 rank	2020 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
75	61	57	Indonesia	77	100	58	6	62	57	70	58	104	97	88	68
53	60	58	Kuwait	65	116	96	35	75	65	57	41	35	54	78	129
57	55	59	North Macedonia	60	79	65	121	58	72	68	79	50	61	86	66
55	59	60	Trinidad and Tobago	82	39	61	86	87	118	62	62	53	74	69	114
63	57	61	Peru	90	50	69	150	68	67	74	61	99	53	65	26
80	66	62	Kazakhstan	81	131	83	29	59	76	80	55	54	72	37	104
59	56	63	Argentina	78	27	56	122	82	126	89	137	64	46	50	50
54	65	64	Thailand	127	118	99	23	54	70	53	33	72	35	74	119
62	67	65	Jamaica	124	32	53	108	67	58	75	104	67	50	81	142
58	62	66	Oman	40	150	92	34	61	50	48	81	65	60	79	147
67	64	67	Albania	70	78	70	146	77	80	59	105	82	77	54	56
60	68	68	Mexico	146	64	86	101	63	64	47	40	85	55	72	72
79	70	69	Belarus	69	134	114	120	91	89	71	52	42	79	30	82
56	69	70	Brazil	115	48	68	119	73	121	91	89	62	63	91	12
83	72	71	Saudi Arabia	107	161	93	43	66	38	44	54	59	65	63	134
76	76	72	Dominican Republic	119	45	88	60	81	93	66	68	86	73	96	51
90	81	73	Vietnam	97	136	104	13	108	75	60	56	88	49	68	96
77	71	74	Colombia	153	69	71	102	71	90	67	72	83	36	76	28
71	74	75	Cabo Verde	43	34	45	56	113	94	117	115	102	85	98	57
84	75	76	Russia	140	143	101	99	78	87	61	43	58	101	21	77
74	73	77	Bosnia and Herzegovina	48	87	112	76	84	146	82	77	47	88	70	111
95	91	78	Azerbaijan	89	148	110	68	50	39	78	83	68	57	73	136
87	78	79	Paraguay	72	75	94	62	85	135	97	74	76	84	106	27
96	83	80	Moldova	75	95	81	125	80	102	72	101	80	98	59	140
66	79	81	Suriname	59	52	100	58	147	111	87	94	77	107	102	14
72	80	82	Botswana	76	58	43	103	72	79	101	50	111	122	100	132
85	82	83	Philippines	149	76	79	31	79	78	73	45	112	102	84	73
98	77	84	Sri Lanka	130	80	76	33	104	62	93	112	109	47	66	60
97	88	85	Mongolia	62	65	64	52	101	103	118	95	105	100	56	116
68	86	86	Jordan	88	121	72	106	52	49	76	128	63	80	97	151
70	84	87	South Africa	138	38	48	59	69	60	83	69	107	130	108	146
81	87	88	Namibia	58	49	44	84	83	71	96	110	117	125	118	69
101	85	89	Ecuador	79	70	108	138	96	130	86	126	93	67	75	43
102	89	90	Kyrgyzstan	71	103	98	66	94	116	112	92	90	76	80	65
93	90	91	Guyana	91	62	74	77	97	109	103	109	84	119	93	54
89	96	92	Ukraine	144	85	73	147	119	74	77	91	69	115	38	110
82	100	93	El Salvador	128	66	75	91	89	92	81	90	94	93	109	153
73	92	94	Turkey	147	154	118	141	57	59	54	70	52	70	89	97
86	93	95	Belize	80	56	95	135	128	123	94	119	87	91	99	49
100	94	96	Morocco	68	119	91	164	65	61	58	97	95	103	113	126
109	102	97	Uzbekistan	52	147	136	20	90	124	105	78	98	43	85	157
99	101	98	São Tomé and Príncipe	46	43	78	94	132	110	110	98	116	105	114	74
69	95	99	Tunisia	125	99	66	163	95	101	90	103	78	94	95	143
94	97	100	Ghana	96	53	59	73	118	69	113	132	115	121	105	100
110	98	101	India	139	106	49	78	74	47	85	73	122	113	115	162
92	99	102	Guatemala	121	89	117	83	92	99	84	75	114	99	121	92
91	105	103	Cuba	100	153	137	36	120	159	108	96	81	28	42	95
108	103	104	Rwanda	123	114	50	63	39	45	100	80	150	110	128	112
88	104	105	Lebanon	136	112	119	152	98	88	92	147	57	92	62	120
106	106	106	Bolivia	86	83	130	151	110	150	111	121	101	108	94	34
103	107	107	Honduras	129	102	133	71	93	113	95	93	110	90	120	80
107	108	108	Algeria	53	142	115	129	134	132	102	134	71	83	82	152
105	113	109	Turkmenistan	64	162	155	14	122	149	121	71	74	58	83	150
113	111	110	Senegal	109	59	63	48	107	85	116	123	121	123	147	83
104	109	111	Nicaragua	110	113	145	70	105	141	98	114	106	78	117	48
120	110	112	Tajikistan	83	151	139	24	117	105	128	133	100	71	90	131

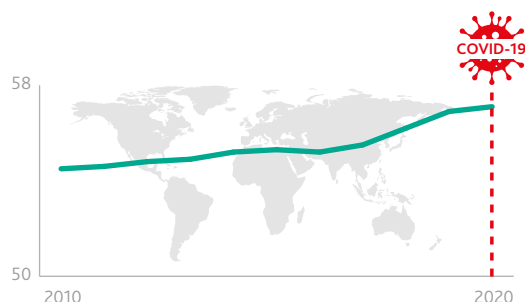
The Legatum Prosperity Index™

Ranks 113–167

															
2010 rank	2019 rank	2020 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
121	112	113	Kenya	145	94	84	49	76	63	109	108	133	112	107	138
129	114	114	Nepal	85	71	89	97	123	122	134	85	128	116	116	145
116	115	115	Laos	54	155	134	90	136	112	104	86	120	117	103	53
114	117	116	The Gambia	92	97	82	39	100	86	135	154	123	143	134	63
122	121	117	Tanzania	104	109	97	104	116	114	125	113	134	124	129	78
119	120	118	Cambodia	102	126	154	75	124	145	99	67	129	95	125	85
118	122	119	Djibouti	84	141	127	110	99	96	107	76	125	118	140	159
126	119	120	Iran	131	165	138	80	130	152	106	117	75	81	77	155
112	124	121	Egypt	148	160	146	123	103	81	88	127	91	109	101	156
115	116	122	Gabon	117	110	124	137	152	143	130	130	108	134	104	59
111	118	123	Zambia	93	115	102	109	102	97	139	155	147	128	130	37
145	129	124	Côte d'Ivoire	126	93	103	131	114	107	119	100	132	154	145	79
132	123	125	Bangladesh	142	117	135	57	139	106	120	102	118	111	123	149
128	128	126	Benin	61	72	85	159	138	73	136	135	146	147	143	123
152	127	127	Myanmar	155	123	131	45	156	98	124	107	130	106	110	58
134	125	128	Comoros	57	90	149	115	150	127	137	146	127	129	142	94
124	126	129	Papua New Guinea	113	60	107	132	115	115	132	136	159	145	146	81
130	130	130	Lesotho	99	77	109	133	129	138	129	84	135	164	122	166
127	132	131	Equatorial Guinea	95	152	151	47	135	151	126	99	113	159	126	36
123	131	132	Malawi	108	88	87	157	111	108	145	149	154	127	148	86
136	134	133	Uganda	133	120	122	124	86	95	131	122	142	139	138	125
138	133	134	Eswatini	98	145	140	144	109	136	123	111	124	149	124	122
139	135	135	Burkina Faso	134	67	106	100	131	128	154	129	149	136	155	99
135	138	136	Madagascar	118	84	121	82	125	131	146	138	162	138	139	88
142	136	137	Iraq	163	129	143	107	144	120	114	120	92	120	119	165
146	139	138	Pakistan	152	124	120	96	112	100	115	140	119	126	137	167
153	143	139	Guinea	120	105	128	88	121	82	153	143	152	160	159	67
157	140	140	Togo	103	108	132	162	126	125	147	118	140	151	133	137
140	137	141	Liberia	101	98	111	65	137	119	161	151	145	158	160	64
137	142	142	Mozambique	122	91	126	95	141	144	149	162	153	144	156	61
158	141	143	Zimbabwe	106	140	147	130	143	153	142	145	138	137	112	139
141	146	144	Nigeria	151	104	129	93	106	117	140	156	137	163	135	130
143	144	145	Sierra Leone	112	82	116	69	153	139	160	159	156	162	151	93
117	145	146	Venezuela	150	127	167	143	163	167	133	163	97	96	87	62
148	147	147	Guinea-Bissau	47	101	144	116	159	147	156	150	158	155	162	76
133	150	148	Mali	157	86	113	128	145	134	150	124	136	150	161	108
125	148	149	Libya	162	135	160	98	166	165	127	106	96	104	111	160
151	149	150	Ethiopia	137	138	125	113	151	140	155	116	148	131	150	127
144	152	151	Cameroon	158	128	148	118	142	137	138	125	131	157	131	101
149	153	152	Congo	132	122	152	149	149	156	151	152	139	142	132	75
147	151	153	Niger	141	96	123	50	127	133	164	139	160	148	166	128
150	156	154	Mauritania	94	133	153	89	158	155	162	144	126	140	157	164
154	154	155	Haiti	111	107	157	155	161	166	152	141	151	146	136	154
155	155	156	Angola	114	130	141	145	167	157	148	158	144	152	158	121
159	158	157	Burundi	156	157	150	148	148	104	157	160	164	135	144	124
131	157	158	Syria	165	167	161	166	140	162	122	131	103	114	127	163
156	159	159	Sudan*	161	158	162	136	133	142	141	166	141	132	141	158
162	160	160	Eritrea	135	166	164	158	155	160	158	157	161	133	152	117
163	162	161	Democratic Republic of Congo	160	125	158	154	165	148	165	161	165	153	149	102
161	163	162	Afghanistan	166	137	142	167	154	129	159	142	155	156	153	161
166	161	163	Somalia	159	149	163	126	146	161	143	165	157	161	163	144
167	164	164	Chad	143	132	159	160	162	164	166	153	163	167	165	103
160	166	165	Yemen	164	164	166	153	164	158	163	167	143	141	154	148
165	165	166	Central African Republic	154	139	156	161	160	163	167	148	167	166	164	107
164	167	167	South Sudan*	167	163	165	165	157	154	144	164	166	165	167	135

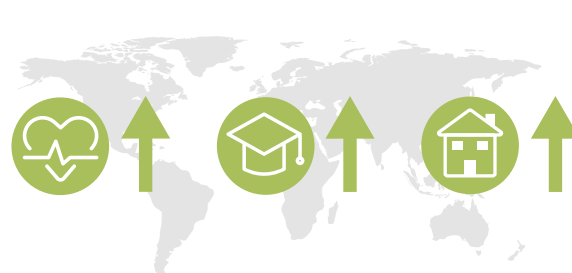
*From 2011 Sudan excludes South Sudan, which became a separate country in 2011.

Key findings



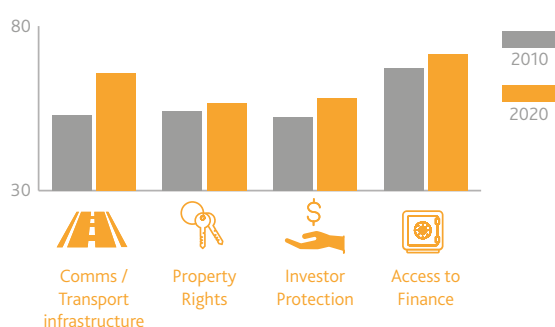
In the decade prior to COVID-19, global prosperity had risen continuously, driven by people's lived experience improving and by more open economies

All seven regions improved since 2010, comprising 147 of the 167 countries included in the Index, largely driven by improvements in the Open Economies and Empowered People domains.



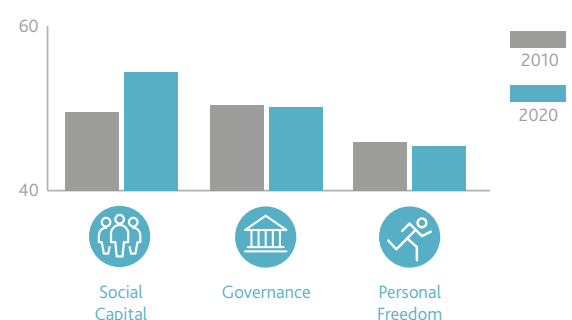
People's lived experience improved due to better education and living conditions across all regions. Health also improved in all regions except for North America.

There have been near universal improvements to health, education and living conditions, with 155, 150, and 152 countries respectively improving across these areas since 2010.



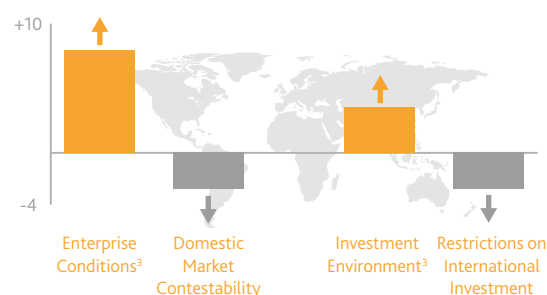
Economies had become more open, due to improvements to communication and transport infrastructure, strengthened property rights, greater protections for investors and increased access to finance

The improvements in communications have been particularly widespread, with every country except Sweden seeing an improvement.



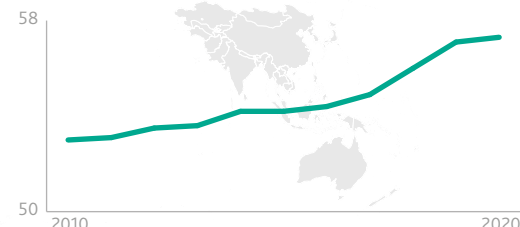
The improvement in social capital also contributed to the increase in global prosperity, but further improvement in prosperity has been held back by governance and personal freedom stagnating

Improvements in social capital were concentrated in Asia-Pacific and Eastern Europe. Eighty-seven countries have weaker governance now than in 2010 and 74 have weaker personal freedoms.



A lack of contestability within domestic markets and extensive restrictions on international investment is acting as a brake on economies becoming more open across parts of the world

Since 2010, 92 countries saw a deterioration in the Domestic Market Contestability element, and 113 saw a deterioration in the Restrictions on International Investment element



The improvement in global prosperity in the last 12 months has not kept pace with the progress of the previous two years, as Asia-Pacific and Western Europe stalled, and North America deteriorated slightly

Progress slowed in Asia-Pacific mainly due to a deterioration in safety and security, personal freedom, economic quality, and education.

Country highlights



Estonia (21st)

Estonia has seen considerable improvements across all four pillars of the Inclusive Societies domain. In particular, personal and family relationships have strengthened, with 92% of people saying they can get help from friends and family when in trouble, up from 85% a decade previously. Trust in institutions has also improved, with 75% of people now saying they have confidence in the police, and 40% saying they have confidence in government, up from 63% and 22% respectively in 2010. These improvements have led to a 35-rank rise in the Social Capital pillar to 41st.



Ecuador (89th)

Ecuador is the most improved country in Latin America and the Caribbean for Inclusive Societies, improving across all four pillars and moving up 26 places in the domain rankings. A near two-third reduction in the homicide rate, a five percentage point fall in people reporting property stolen, and a reduction in politically related terror and violence have led to a 35-rank rise in safety and security to 79th, though this has been partially offset by a rise in terrorism. The country has also experienced a 12-rank rise in governance, due to the rule of law and government accountability strengthening.



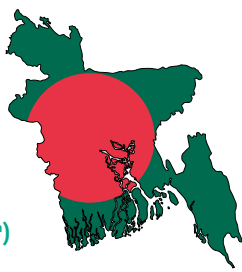
Azerbaijan (78th)

Improvements to the investment environment in Azerbaijan over the past decade have resulted in a rise of 27 places in the pillar rankings to 50th. Greater protections are now afforded to investors in the way of a stronger insolvency framework and better auditing and reporting standards. Property rights have also been strengthened. This builds on the country's 2016 roadmap for Small and Medium Enterprises (SMEs) which, among other things, aims to improve access to finance for SMEs. The country has seen a similar improvement in Enterprise Conditions, rising 29 ranks as a result.



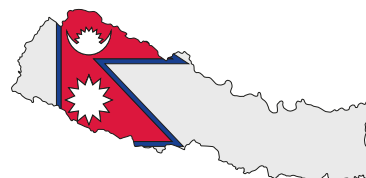
Morocco (96th)

Morocco has seen a 13-rank rise in market access and infrastructure, due to significantly improving its infrastructure, particularly its competitive mobile phone market, which has driven up access to high-quality internet. It has also risen 19 places since 2010, to 65th, for its Investment Environment, as a result of significant reforms to strengthen intellectual property rights and investor protections. Most progress has been made in Enterprise Conditions, rising 34 places to rank 61st globally, due mainly to reducing the amount of time businesses spend complying with regulations.



Bangladesh (125th)

With the country rising in the rankings across all four pillars, the lived experience of Bangladeshis has seen improvements since 2010. The maternal mortality rate has fallen by 42%, as the proportion of births attended by skilled health staff has increased to 50%, up from 25% in 2010. Education has also improved, across all stages, with the enrolment rate in secondary education increasing by over one-third to 67%, and in tertiary education nearly doubling to over 20%. These improvements are commendable but more needs to be done to further improve the lived experience of Bangladeshis.



Nepal (114th)

Nepal has seen an improvement of 13 ranks in the Education pillar to 116th, as a result of reforming the education system, which is central to the Nepali government's development strategy. Enrolment rates for both primary and secondary education have increased by c. 15 percentage points, to stand at 96% and 62% respectively. There have also been significant health improvements, which have resulted in reductions in mortality rates at all key life stages, with maternal mortality rates nearly halving, resulting in an 8-rank improvement for the Health pillar.

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The Prosperity Index Team

The following team has worked tirelessly, and with huge passion and rigour, to produce the best possible Prosperity Index and this subsequent report. We pay tribute to them and thank them for all their dedication and hard work.

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Unless otherwise stated, all data is from the 2020 Legatum Prosperity Index[™].

All original data sources can be found in the Prosperity Index methodology report and online at www.prosperity.com



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

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