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Research Review

„Economic development and the well-being of society - what is the connection between them and how is it assessed?"

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Empowering *the* **Change**

Economic development and the well-being of society - what is the connection between them and how is it assessed?

The opinion that human well-being is primarily related to economic wealth is widely accepted in society. This, of course, has its arguments. Perhaps people's well-being is largely attributed to their financial capabilities. Therefore, various economic indicators, such as gross domestic product (GDP), are often used to compare the countries by their level of development. However, in reality, GDP was never intended to assess the well-being of societies. The development of the concept of GDP itself is associated with the name of the economist, Nobel Prize laureate Simon Kuznets, who in 1934 (still during the Great Depression in the USA) addressed the US Congress with the following words: „The welfare of a nation can scarcely be inferred from a measurement of national income"[1]. Nevertheless, GDP is still often used for this purpose. The reason for this is that the concept of GDP is easy for everyone to understand - it denotes economic activity, the growth of which indicates that people have more spending power and, consequently, their quality of life is improving.

Literature analysis shows that money/economic income is characterized by diminishing happiness returns (the feeling of happiness, in turn, is a component of well-being). As early as the second half of the 20th century, an important research was published, results of which were known as the "Easterlin Paradox"[2]. Research has shown that happiness is linked to economic income over some period of time, but over the long term, this link between happiness and higher economic income is no longer evident. Numerous other research also showed that, while for poor countries the feeling of satisfaction and happiness increases sharply with economic income, for richer countries more monetary income is not always associated with greater happiness. It is also important to take into consideration that people's happiness and life satisfaction are influenced by various personal factors (such as age, education, family size/number of household members). State structure and institutional factors (like the quality of democracy, strength of institutions, trust in governments) also have a significant impact on the level of happiness at the country level. In addition, research shows that economic inequality has a significantly negative impact on the well-being of countries and the happiness of societies. People in low-income countries are less happy not only because they have lower incomes and consumption, but also because of higher inequality, which is often perceived as unfair[3].

At the World Economic Forum in Davos in 2016, the world's leading economists and academics agreed that GDP is a poor measure of a country's progress[4]. Prior to that, in 2011, the Organisation for Economic Co-operation and Development (OECD) made the statement that "There is more to life than the cold numbers of GDP and economic statistics" and developed the "Better Life Index" to assess well-being across countries using a multi-factor model[5]. Even earlier, in 2007, the European Union (EU) launched the "Beyond GDP" initiative to clarify which indicators best measure progress and how they should be used in policymaking[6]. EU's Strategic Foresight Report 2023 mentioned about the EU's Initiative "Sustainable and Inclusive Wellbeing"[7], which is also based on the EU's "Beyond GDP"

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[1] Vanham, P. (2021). „A brief history of GDP - and what could come next". World Economic Forum.
https://www.weforum.org/stories/2021/12/stakeholder-capitalism-episode-1-a-brief-history-of-gdp/
[2] Easterlin, R.A. (1974). „Does Economic Growth Improve the Human Lot? Some Empirical Evidence". Nations and Households in Economic Growth. pp. 89-125.
https://www.sciencedirect.com/science/article/abs/pii/B9780122050503500087
[3] Biermann, F., Labadze, L. (2013). „The Economics of Happiness". ISET Economist Blog.
https://iset-pi.ge/en/blog/552-the-economics-of-happiness
[4] Thomson, S. (2016). „GDP a poor measure of progress, say Davos economists". World Economic Forum.
https://www.weforum.org/stories/2016/01/gdp/
[5] „Better Life Index". OECD.
https://www.oecdbetterlifeindex.org/#/11111111111
[6] „Beyond GDP". EU Sustainable Prosperity.
https://sustainable-prosperity.eu/sustainable-prosperity/beyond-gdp/
[7] „Beyond GDP: delivering sustainable and inclusive wellbeing". European Commission.
https://joint-research-centre.ec.europa.eu/projects-and-activities/beyond-gdp-delivering-sustainable-and-inclusive-wellbeing_en

concept. The initiative highlights the need to develop a comprehensive measure that reflects the prosperity and well-being of countries, taking into account components such as environmental sustainability, social inclusion, quality of life and intergenerational justice. The initiative aims to complement GDP with measures of sustainable and inclusive well-being and to use them in EU policy-making.

Clearly, economic indicators alone do not determine individual and social well-being, and may not even be the decisive factor. Moreover, observations at different stages of human evolutionary development show that economic progress has not always been associated with higher levels of happiness[8]. Let us recall a kind of classification of human needs (the so-called „Maslow Pyramid"), which was presented in 1943 by the American psychologist Abraham Maslow in his work „Theory of Human Motivation"[9]. The author calls the highest, 5th level of needs („the need for self-actualization") the state of „ultimately happy" and explains it as follows: „Even if all these needs *(meaning the needs corresponding to the first four levels: (1) physiological needs, (2) safety needs, (3) social connection needs, (4) esteem and recognition needs)* are satisfied, we may still often (if not always) expect that a new discontent and restlessness will soon develop, unless the individual is doing what he is fitted for. A musician must make music, an artist must paint, a poet must write, if he is to be ultimately happy. What a man can be, he must be". As „Maslow Pyramid" was further developing, other components/levels were added to the picture of human needs and the forms of visualization of this model also changed. Although this model of human needs is known as a „pyramid", it should be noted that Abraham Maslow himself did not give these needs a pyramid shape[10]. In fact, there is no strictly hierarchical relationship between needs. Obviously, without satisfying basic needs, people will have difficulty thinking about other, higher-level needs. However, it is not necessary that the needs corresponding to each stage be fully satisfied in order for a person to move on to the next stage. In other words, there is usually no such thing as an „all or nothing" approach to satisfying needs. It is more realistic for the model of human needs to have a wavy shape[11] (rather than a pyramid), which is an expression of the fact that the needs corresponding to different stages can be satisfied in parallel. Financial security issues (including income, employment, property, etc.) belong to the 2nd level of the „Maslow Pyramid". However, this should not be used as a basis for saying that if it is still important for a society to satisfy the needs of financial security, this society should not think about satisfying higher level, well-being and happiness needs. For example, it is often said that „protecting the environment is a luxury of rich countries". However, the reality is that caring for the environment and sustainable development are equally important for all countries (regardless of their GDP level), since the future of the planet in general and, including, economic development depends on the current behavior of people towards the environment and natural capital.

Well-being and happiness, as a universal goal of the development of the individual and society, have attracted the attention of many thinkers and scientists. This was discussed by philosophers of the ancient period. Then a new stage in the scientific development of these concepts began in the 18th-19th centuries, with the movements of utilitarianism and consequentialism. In addition, during this period, the notion of „pursuit of happiness" appeared at the state level in the context of human rights. Let us recall the Declaration of Independence (adopted on July 4, 1776) of the United States of America and its second paragraph which is attributed to Thomas Jefferson, one of the founding fathers and the third President of the USA: „All men are endowed by their Creator with certain unalienable Rights, that

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[8] Harari, Y. N. (2014). „*Were we happier in the stone age?*". The Guardian.
https://www.theguardian.com/books/2014/sep/05/were-we-happier-in-the-stone-age
[9] Maslow, A. H. (1943). „*A Theory of Human Motivation*". York University, Toronto, Ontario. ISSN 1492-3713. Originally Published in Psychological Review, 50, 370-396.
https://psychclassics.yorku.ca/Maslow/motivation.htm
[10] Kaufman, S.B. (2020). „*Transcend: The New Science of Self-Actualization*".
https://www.bps.org.uk/psychologist/transcending-maslows-pyramid
[11] Cloke, H. (2023). „*Maslow's Hierarchy of Needs: A Guide for Learning Professionals*".
https://www.growthengineering.co.uk/maslows-hierarchy/

among these are Life, Liberty and the pursuit of Happiness"[12]. Since the late 19th and early 20th centuries, issues of happiness and well-being have been more actively discussed among scientists and economists from various fields and have been introduced into public policy.

Assessments of happiness and well-being have received increasing attention in the 21st century and it was reflected both at the national level via the integration of well-being goals into the policies of various countries and on a global scale, in the form of the development of a number of international indicators and indices. The fact that the perception and vision of the pursuit of happiness vary in different societies is also evidenced by the existing practice of well-being assessments. However, what is common in the various national and international assessments in this regard is that they focus on a vision of sustainable development, which implies highlighting the role of not only economic, but also social, cultural, environmental and other specific factors in creating the well-being of societies.

The concept of Gross National Happiness (GNH) was first introduced by the King of Bhutan in the early 1970s. He firmly believed that happiness was an indicator and sign of the progressive development of the Bhutanese people and questioned the relevance of GDP as a measure of the happiness and well-being of a society. He also believed in the legitimacy of public debate in defining Bhutan's development goals[13]. In 2008, GNH was also included in the Bhutanese Constitution in the following way: „The State shall strive to promote those conditions that will enable the pursuit of Gross National Happiness". GNH is technically defined as a „multidimensional development approach seeking to achieve a harmonious balance between material well-being and the spiritual, emotional and cultural needs of society." It is no surprise that GNH has undergone changes over time. Today, it is structured around 4 main pillars (good governance, sustainable socio-economic development, preservation and promotion of culture, environmental conservation), which, in turn, include 9 domains, 38 sub-indexes, 72 indicators and 151 variables[14].

Interesting examples of integrating well-being issues into public policy at the national level can be found in the United Kingdom, Australia, New Zealand, Canada. The United Kingdom's Office for National Statistics (ONS) is one of the organizations that conducts well-being studies at the national level through the National Well-being Dashboard[15]. In order to implement this, at present, 59 well-being directions have been selected, which are grouped into the following 10 thematic areas:

    i.   **Personal well-being**. People's opinions on aspects of their current well-being.
   ii.   **Our relationships**. Relationships of people with family, friends and the community around them.
  iii.   **Health**. Physical and mental health as important parts of people's personal well-being.
  iv.   **What we do**. Participation in, satisfaction with, and balance between work and leisure activities.
   v.   **Where we live**. Housing, the characteristics of the local environment, access to facilities, and the sense of belonging to the community.
  vi.   **Personal finance**. Financial income and wealth, poverty and inequality.

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[12] „We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness.--That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed, --That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new Government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness".
Declaration of Independence: A Transcription. In Congress, July 4, 1776.
https://www.archives.gov/founding-docs/declaration-transcript
[13] GNH Centre of Bhutan.
https://www.gnhcentrebhutan.org/history-of-gnh/
[14] The 4 Pillars of GNH and The 9 Domains of GNH.
https://www.gnhcentrebhutan.org/the-4-pillars-of-gnh/
https://www.gnhcentrebhutan.org/the-9-domains-of-gnh/
[15] Office of National Statistics (ONS) of the United Kingdom.
https://www.ons.gov.uk/peoplepopulationandcommunity/wellbeing/articles/ukmeasuresofnationalwellbeing/dashboard

vii. **Education and skills**. Human capital, qualifications and skills, satisfaction with the education system.

viii. **Economy**. Economic activity and various economic indicators, as well as consumer confidence to capture people's perceptions of the country's economic situation.

ix. **Governance**. Public trust and civic participation, satisfaction with the government institutions, the police and the justice system.

x. **Environment**. Climate change, natural environment and natural capital and the effects of human activity on the environment.

Interestingly, the ONS' assessment of well-being according to the above-mentioned aspects is based on both subjective data (surveys of people's opinions and feelings) and objective data (specific economic, social and other indicators based on official statistics).

At present, three well-being/happiness related assessments and indices stand out on the international level and we will discuss them in this report. The essence, significance, main methodological explanations of these assessments are described below and Georgia's results within the framework of all three assessments are presented.

I.   Human Development Index (HDI)

The Human Development Index (HDI) is probably already known to many. It is developed within the framework of the United Nations Development Programme (UNDP) and estimates have been available since 1990[16]. Its aim is to show that people and their capabilities should be the ultimate criteria for assessing the development of a country, not economic growth alone. The HDI measures human development in three main dimensions: (1) **Long and healthy life** (life expectancy at birth); (2) **Knowledge** (expected years of schooling and mean years of schooling); (3) **A decent standard of living** (Gross National Income (GNI) per capita). Interestingly, the index is adjusted with various additional components, including environmental components. In particular, two additional indicators are included in the index: „Carbon dioxide emissions per capita" and "Material footprint[17] per capita", resulting in a Planetary pressures-adjusted HDI (PHDI).

Based on the latest (2022) assessment, Georgia ranks 60th out of 193 countries in the world according to HDI and is in the "very high human development" group with a score of 0.814. However, if we look at the "planetary pressures-adjusted" indicator (PHDI), Georgia's score drops to 0.767 (5.8% lower than HDI score) (**Figure 1**). It is noteworthy that according to the same 2022 data, for countries in the "very high human development" group, PHDI scores are much lower (on average by 13.6%) than the initial HDI scores. For countries in the "high human development" group, this indicator is on average 9.6%, for countries in the "medium human development" group - 2.8%, and for countries in the "low human development" group - 1.5%.

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[16] Human Development Index (HDI).
https://hdr.undp.org/data-center/human-development-index#/indicies/HDI
[17] „Material footprint" refers to the total amount of raw materials extracted to meet final consumption demands. It is one indication of the pressures placed on the environment to support economic growth and to satisfy the material needs of people.
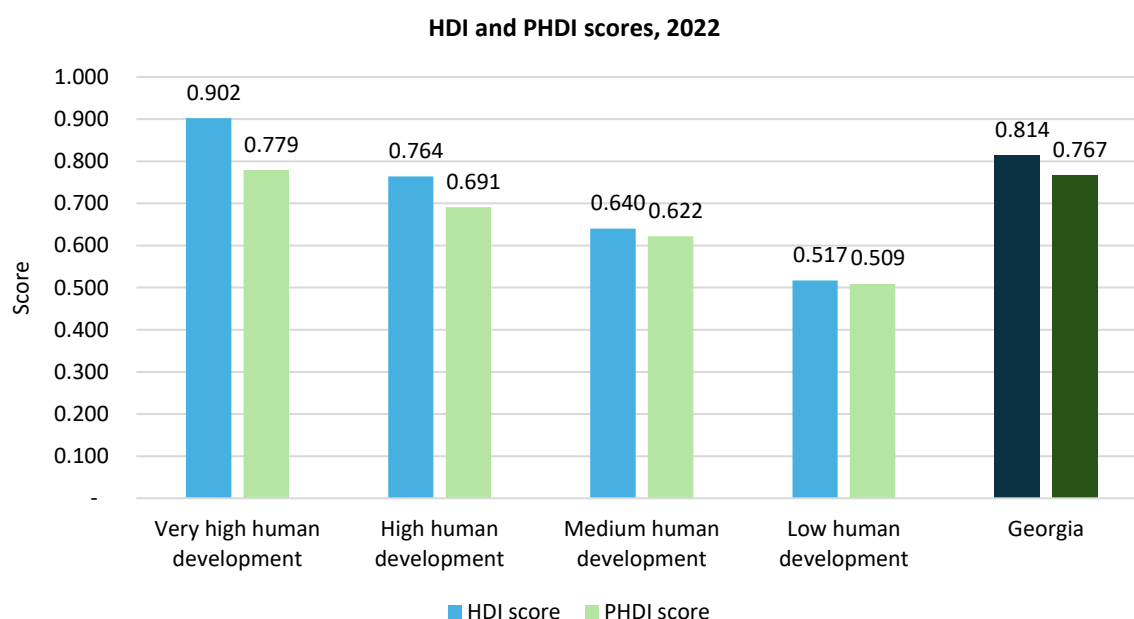https://unstats.un.org/sdgs/report/2019/goal-12/

HDI and PHDI scores, 2022

Figure 1. HDI and PHDI scores, Georgia and the countries by human development groups, 2022

In some countries (especially those where high economic development is also associated with high extraction of natural resources), the difference between HDI and PHDI scores reaches even 20-50% (**Table 1**).

Table 1. Selected countries by difference (%) between HDI and PHDI scores, 2022

Selected countries by difference (%) between HDI and PHDI scores, 2022			
Countries with the largest (20% or more) difference between HDI and PHDI scores:			
	HDI score	PHDI score	Difference (%) between HDI and PHDI scores
Qatar	0.875	0.450	48.6%
Kuwait	0.847	0.580	31.5%
Brunei Darussalam	0.823	0.576	30.0%
Oman	0.819	0.593	27.6%
United Arab Emirates	0.937	0.688	26.6%
Luxembourg	0.927	0.685	26.1%
Bahrain	0.888	0.673	24.2%
Canada	0.935	0.726	22.4%
Singapore	0.949	0.745	21.5%
Saudi Arabia	0.875	0.690	21.1%
United States of America	0.927	0.740	20.2%
Countries with the smallest (1% or less) difference between HDI and PHDI scores:			
	HDI score	PHDI score	Difference (%) between HDI and PHDI scores
Central African Republic	0.387	0.383	1.0%
Liberia	0.487	0.482	1.0%
Yemen	0.424	0.420	0.9%
Congo (Democratic Republic of the)	0.481	0.477	0.8%
Madagascar	0.487	0.483	0.8%
Burundi	0.420	0.417	0.7%
Afghanistan	0.462	0.459	0.6%

The difference between HDI and PHDI scores becomes even more apparent when looking at the results over the long term (**Figure 2**).

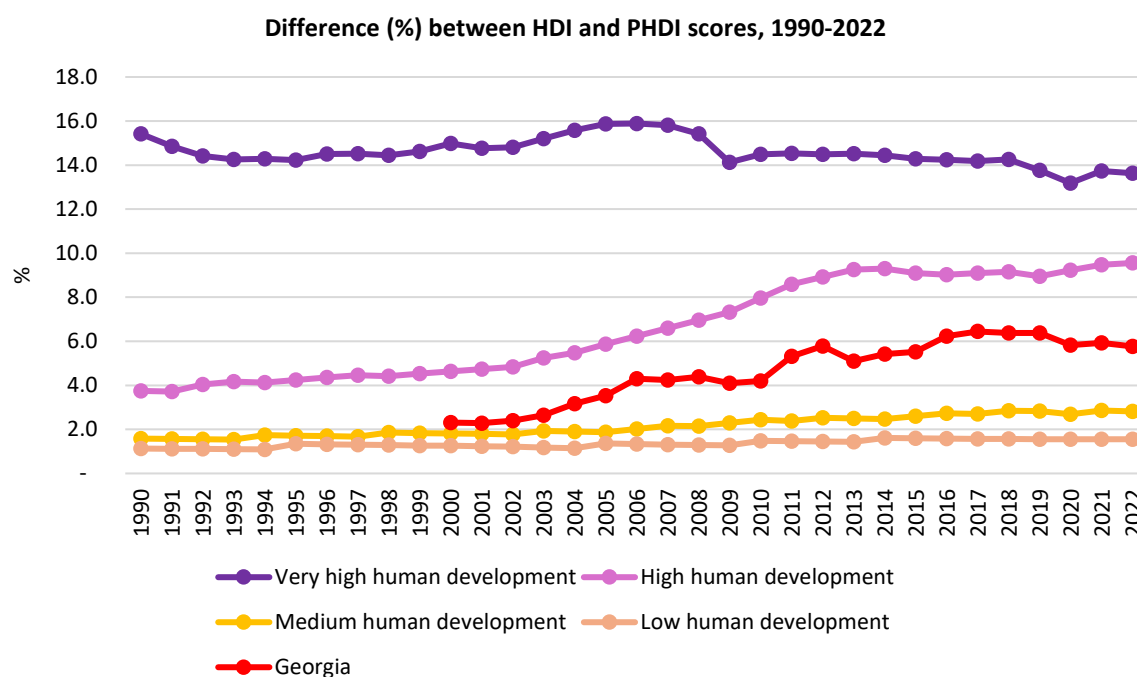**Difference (%) between HDI and PHDI scores, 1990-2022**

Figure 2. Difference (%) between HDI and PHDI scores, 1990-2022

As the results show, when the difference between HDI and PHDI is higher and increasing, it means that there are greater planetary pressures in parallel with the development and from countries in the higher development group.

II. Happy Planet Index (HPI)

Since 2006, the New Economics Foundation[18] has been developing the Happy Planet Index (HPI)[19]. It aims to measure the success of countries not by widely used economic indicators (such as GDP), but by the environmental efficiency with which societies achieve happy and healthy lives. The components of the index and their sources have changed slightly over the years, but the basic principle has remained the same: the HPI should be an indicator of the efficiency with which countries transform the Earth's limited resources into the well-being of their citizens.

HPI is measured by three indicators. Originally, these three indicators were the following: (1) **Life Satisfaction**; (2) **Life Expectancy**; (3) **Ecological Footprint**[20]. The life satisfaction (1) was based primarily on Ruut Veenhoven's World Database of Happiness[21] and related studies. The life expectancy (2) was based on United Nation's (UN) studies. The data on Ecological Footprint (3) was based on studies by the Global Footprint Network[22]. The final formula was as follows:

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[18] New Economics Foundation.
https://neweconomics.org/

[19] Simms, A., Marks, N., Abdallah, S., Thompson, S. (2006). „*The Happy Planet Index - An index of human well-being and environmental impact*".
https://neweconomics.org/2006/07/happy-planet-index

[20] „Ecological Footprint" is a measure of how much area of biologically productive land and water an individual, population or activity requires to produce all the resources it consumes and to absorb the waste it generates, using prevailing technology and resource management practices.
https://www.footprintnetwork.org/resources/glossary/

[21] Ruut Veenhoven's World Database of Happiness.
https://worlddatabaseofhappiness.eur.nl/about-us-2/organizational-basis/

[22] Global Footprint Network.
https://www.footprintnetwork.org/

$$\text{HPI} = \frac{Life\ Satisfaction * Life\ Expectancy}{Ecological\ Footprint}$$

Since March 2023, a new research organization[23] has been responsible for updating the HPI data. According to the latest (2024) report[24], the HPI is measured by the following three indicators: (1) **Life Expectancy**; (2) **Self Reported Wellbeing**; (3) **Carbon Footprint**[25]. Life expectancy (1) is based on UN's Population Surveys. Self-reported well-being (2) is based on the results of the Gallup World Poll (GWP[26]). The data on Carbon Footprint (3) is coming from the Global Carbon Atlas[27] and EORA Global Supply Chain Database[28]. Finally, the formula takes the following form:

$$\text{HPI} = \frac{Life\ Expectancy * Self\ Reported\ Wellbeing}{Carbon\ Footprint}$$

While the components of the formula have changed slightly over time, both the original and the updated HPI formula share a common goal: to measure the sustainability of societies' well-being. In other words, the HPI is a measure of how effectively countries transform the Earth's limited resources into the well-being of their citizens.

The 2024 HPI report presents results for 147 countries around the world as of 2021[29]. The top five countries on the list are Vanuatu (ranked 1st with a score of 57.9), Sweden, El Salvador, Costa Rica and Nicaragua. The bottom five are Chad, Afghanistan, Lesotho, Botswana and the Central African Republic (ranked the last with a score of 13.7). The Happy Planet Index is designed so that the maximum score (100) will be given to the country if the maximum well-being is achieved within environmental limits. Not to mention other countries, even the best-performing country (Vanuatu with a score of 57.9) is still far from the maximum score and only 16 countries score above 50 (**Table 2**).

Table 2. *Selected countries' results according to HPI, 2024*

Results of selected countries according to the Happy Planet Index (HPI), 2024 (Results measured for 2021)		
Countries with HPI score above 50 (out of maximum 100)**:**		
Rank	**Country**	**Score**
1	Vanuatu	57.9
2	Sweden	55.9
3	El Salvador	54.7
4	Costa Rica	54.1
5	Nicaragua	53.6
6	Denmark	53.0
7	Spain	53.0
8	Panama	52.0
9	France	52.0

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[23] The Hot or Cool Institute.

https://happyplanetindex.org/about-us/

[24] Abdallah, S., Hoffman, A., and Akenji, L. (2024). „*The 2024 Happy Planet Index*". Hot or Cool Institute, Berlin.

https://happyplanetindex.org/HPI_2024_report.pdf

[25] „Carbon Footprint" is an estimate of the per capita greenhouse gas emissions associated with consumption and economic activity within a country.

https://happyplanetindex.org/HPI_2024_report.pdf

[26] The Gallup World Poll (GWP).

https://www.gallup.com/analytics/318875/global-research.aspx

[27] Global Carbon Atlas.

https://globalcarbonatlas.org/emissions/carbon-emissions/

[28] EORA Global Supply Chain Database.

https://worldmrio.com/

[29] The Happy Planet Index - 2021 Results.

https://happyplanetindex.org/hpi/

10	Chile	51.3
11	Portugal	51.0
12	Moldova	50.9
13	Honduras	50.8
14	Netherlands	50.7
15	Norway	50.5
16	Guatemala	50.4
Countries with HPI score below 20 (out of maximum 100):		
Rank	Country	Score
139	Zimbabwe	19.7
140	Lebanon	19.2
141	Zambia	19.1
142	Qatar	18.8
143	Chad	18.3
144	Afghanistan	16.2
145	Lesotho	15.6
146	Botswana	14.7
147	Central African Republic	13.7

Georgia ranks 80th on the Happy Planet Index with a score of 37.2 and this position has not changed significantly over the years (**Figure 3**).
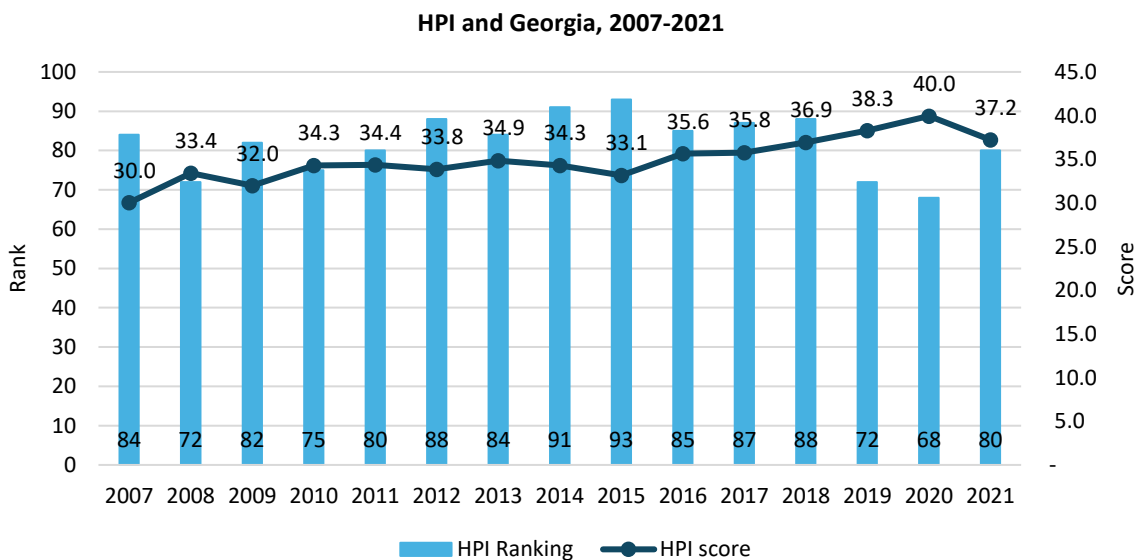

Figure 3. *HPI and Georgia, 2007-2021*

The relationship between the HPI results and economic indicators is interesting. As it is discussed in 2024 Report, the HPI level increases somewhat with GDP up to a certain point, but then decreases again (**Figure 4**). However, the weakness of this relationship is also noteworthy: GDP explains only 21% of the HPI variation (as shown in **Figure 4**, R^2=0.2138). If we look at the correlation between GDP and HPI in the case of groups of countries by income, the results show that there is a strong positive correlation (R=0.41) between GDP per capita and HPI in the case of countries with the lowest income ($20 000); in the case of countries with incomes between $20 000 and $50 000, there is almost no correlation (R=0.06); In countries with incomes above $50 000, the correlation is strong and negative (R=-0.51).
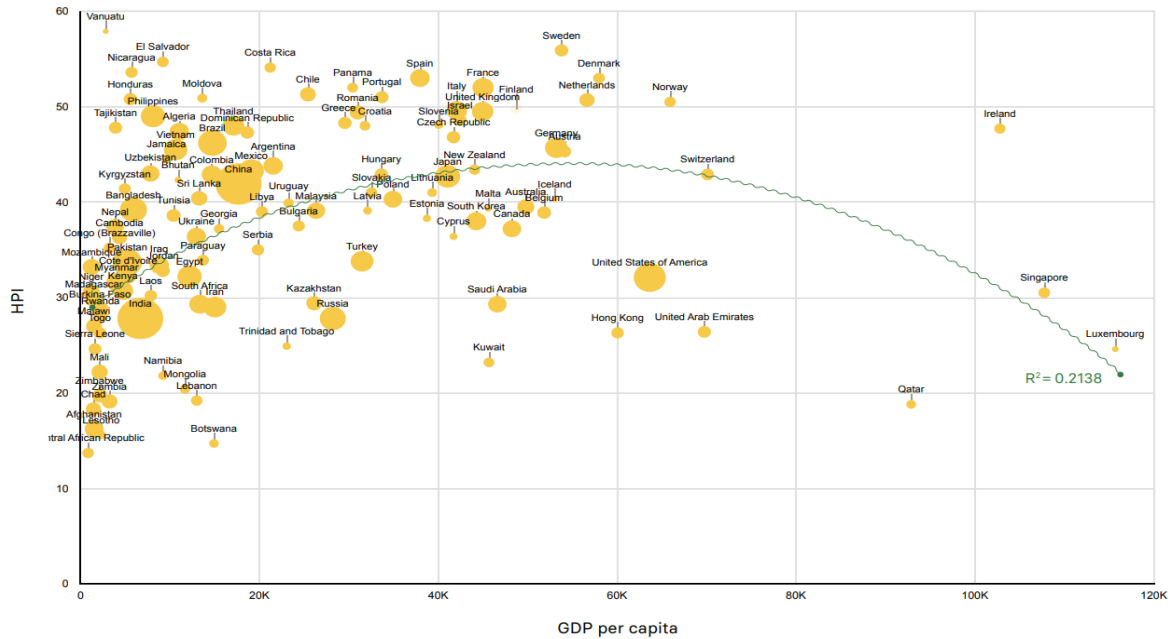
Figure 4. HPI and GDP per capita: The 2024 Happy Planet Index Report

The relationship between GDP growth rate and HPI is even weaker (**Figure 5**). GDP growth rate explains less than 6% of the variation in HPI (as shown in **Figure 5**, R^2=0.0582). The average GDP growth rate in the top ten countries in the HPI ranking was only 1.3% during the four years (from 2016 to 2019) before the COVID-19 pandemic. As the results show, faster economic growth is not associated with higher HPI in countries.
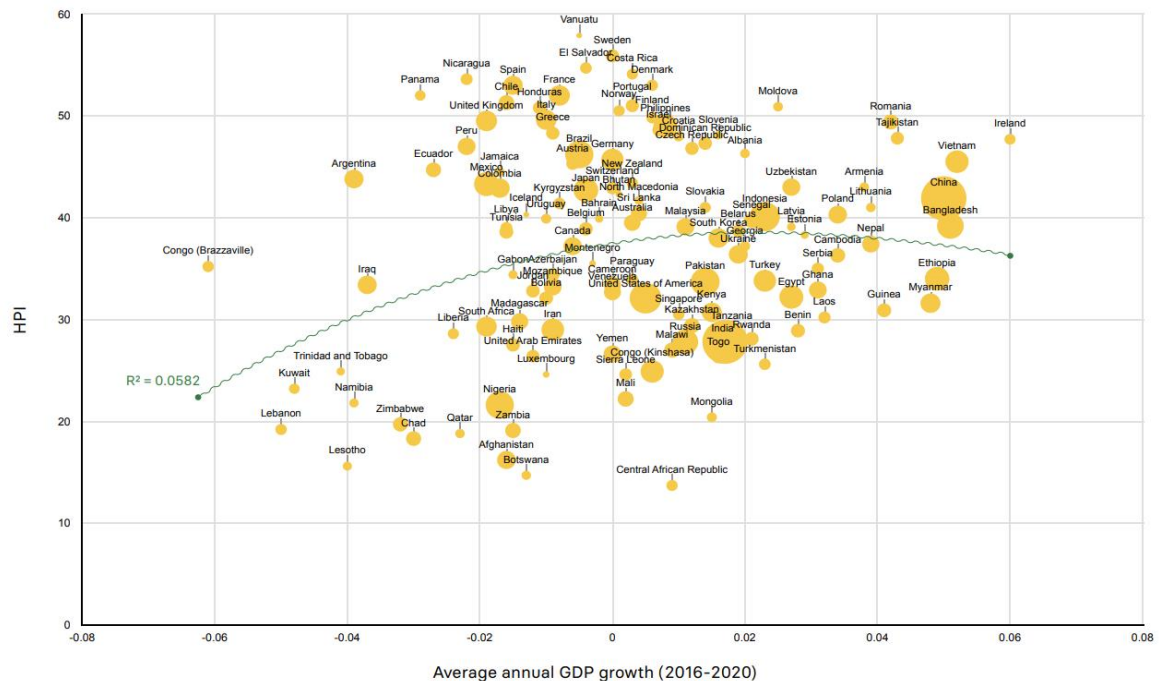

Figure 5. HPI and GDP growth rate: The 2024 Happy Planet Index Report

The 2024 HPI assessment also shows interesting results regarding the issue of economic inequality. The results of countries were analyzed for groups of society according to their economic income. The results show that the richest 10% of societies in countries have significantly lower HPI scores than the rest. At the same time, this richest 10% also accounts for the largest share of the countries' carbon emissions, however, this does not mean that they have a higher level of well-being.

III.   World Happiness Reports

The World Happiness Reports[30] have been published since 2012 and they are produced by highly respected individuals and organizations, such as the University of Oxford's Wellbeing Research Centre[31] in partnership with Gallup[32], the UN Sustainable Development Solutions Network[33] as well as various professionals and academics. Typically, the annual World Happiness Report assesses the situation over the previous three years (for example, the 2025 report assesses the years 2022-2024). At the same time, one interesting thing that sets these reports apart from other similar assessments is that each year a specific topic is selected and the research is focused around this topic. For example, the topic in 2018 was immigration, in 2019 - technologies and social norms, in 2020 - environmental issues and sustainable development, in 2021 - the consequences and impact of the COVID-19 pandemic on people, in 2022 - the importance of social support and benevolence, in 2023 - the effectiveness of the state and issues of measuring national happiness, in 2024 - happiness at different ages. The topic of the latest 2025 report has been chosen to be the importance of people caring for each other and sharing with each other.

The World Happiness Report assesses the happiness level of a particular country and determines the country rankings based on a measure of Subjective Well-being, which is how people evaluate their own lives (Life Evaluations). These assessments are derived from the results of the Gallup World Poll (GWP), which is the main source of data for the study. Specifically, the results of the Life Evaluations are based on the people's answers on the following question: „*Please imagine a ladder with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?*" Accordingly, in the above 0-10-point scale, 0 reflects the worst assessment of life and 10 - the best assessment. As a rule, about 1000 responses are collected annually for each country. Then these data are weighted at the national level to be representative. As mentioned above, the World Happiness Report of a particular year analyzes the average data for the previous three years. In this case too, the GWP results are based on people's assessments of their lives based on the three-year averages, since, as the authors of the study note, a larger sample size of data allows for more accurate assessments. The study also assesses the factors of people's positive and negative emotions, since emotions are believed to have a great influence on the evaluation of life in general. Sustained positive emotions are an important contributor to a good life. In addition, the results of the study also support the psychological finding that the presence of positive emotions is more important than the absence of negative emotions, not only for longevity, but also for resistance to common diseases. In the study, the assessment of positive emotions is based on the results of the GWP question asking whether the respondent experienced emotions such as laughter, enjoyment and interest the previous day. The assessment of negative emotions is also based on the results of the GWP question asking whether the respondent experienced emotions such as worry, sadness and anger the previous day.

Finally, the scoring of countries and the compilation of the corresponding ranking list are based on the responses to the above-mentioned 0-10-point scale assessment question about Life Evaluations (for simplification, let's call it „Happiness Index"). The 2025 report presents the results of the "Happiness Index" for 147 countries around the world. Finland and Denmark are at the top of the list, while Afghanistan occupies the last place on the list (**Table 3**).

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[30] World Happiness Reports.
https://worldhappiness.report/analysis/
[31] University of Oxford's Wellbeing Research Centre.
https://wellbeing.hmc.ox.ac.uk/about/
[32] Gallup - U.S. research and polling organization.
https://www.gallup.com/home.aspx
[33] UN Sustainable Development Solutions Network.
https://www.unsdsn.org/

Table 3. *Results of selected countries according to the World Happiness Report, 2025*

Results of selected countries according to the World Happiness Report, 2025 (Results measured for 2022-2024)		
Countries with scores above 7.0 (on a 0-10-point scale):		
Rank	**Country**	**Score**
1	Finland	7.736
2	Denmark	7.521
3	Iceland	7.515
4	Sweden	7.345
5	Netherlands	7.306
6	Costa Rica	7.274
7	Norway	7.262
8	Israel	7.234
9	Luxembourg	7.122
Countries with scores below 3.5 (on a 0-10-point scale):		
Rank	**Country**	**Score**
141	DR Congo	3.469
142	Botswana	3.438
143	Zimbabwe	3.396
144	Malawi	3.260
145	Lebanon	3.188
146	Sierra Leone	2.998
147	Afghanistan	1.364

According to the "Happiness Index", Georgia's position has remained almost unchanged for the past three years (the country ranked 90th-91st in the world during 2022-2024), however, the ranking has improved compared to 2019-2021 and the previous period, when Georgia was outside the top hundred countries in the world (**Figure 6**). Life Evaluations on a 0-10-point scale have increased in Georgia in 2024 compared to 2011 (3.892 points in 2011 and 5.400 points in 2024). However, the fact that Georgia's score is only slightly above (5.4) of the half of the maximum (10) and the country is also outside the top half in the world ranking, indicates that the country still faces significant challenges in terms of people's quality of life.
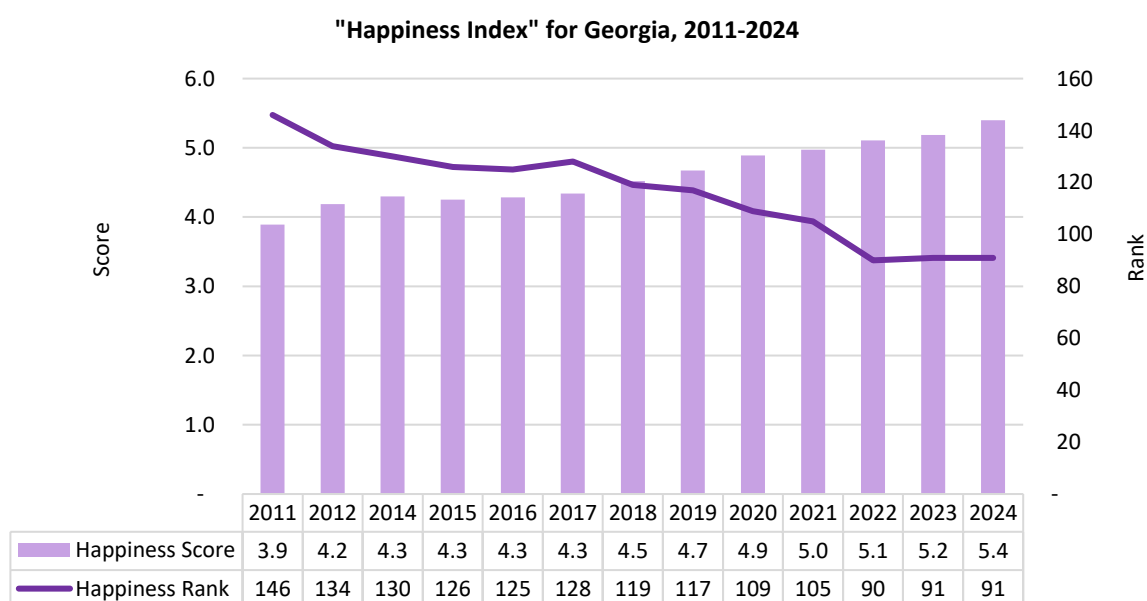
"Happiness Index" for Georgia, 2011-2024

	2011	2012	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Happiness Score	3.9	4.2	4.3	4.3	4.3	4.3	4.5	4.7	4.9	5.0	5.1	5.2	5.4
Happiness Rank	146	134	130	126	125	128	119	117	109	105	90	91	91

Figure 6. "Happiness Index" for Georgia, 2011-2024

The next part of the World Happiness Report's research is concerned with explaining the results in terms of possible explanatory components. From the very beginning, when the World Happiness Report was being created, six variables were selected, which, according to the study authors, represented the best possible of the other available variables and had a significant relationship with Subjective Wellbeing, especially Life Evaluations. This relationship was confirmed by both experimental and survey data. The explanatory power of these variables also strengthened over time as more data were obtained and the study period increased. As the study authors note[34], they are working on the improvements in the future if additional new and necessary data become available.

Below are the six components/variables that explain the Life Evaluations for the countries, results of which are obtained from GWP:

(1) **GDP per capita.** GDP data is based on data from the World Bank (WB) and OECD. GDP is expressed in purchasing power parity (PPP) terms at constant prices.
(2) **Healthy life expectancy.** The assessment of this indicator is based on data from the World Health Organization (WHO).
(3) **Social support.** The assessment of this indicator is based on the results of the GWP, in particular, on the people's responses to the following question: *„If you were in trouble, do you have relatives or friends you can count on to help you whenever you need them, or not?"*
(4) **Freedom to make life choices.** The assessment of this indicator is based on the results of the GWP, in particular, on the people's responses to the following question: *„Are you satisfied or dissatisfied with your freedom to choose what you do with your life?"*
(5) **Generosity.** The assessment of this indicator is based on the results of the GWP, in particular, on the people's responses to the following question: *„Have you donated Money to a charity in the past month?"*
(6) **Perceptions of corruption.** The assessment of this indicator is based on the results of the GWP, in particular, on the people's responses to the following two questions: (a) *„Is corruption widespread throughout the government or not?"*; (b) *„Is corruption widespread within businesses or not?"*

Based on data from 2005 to 2024, the study authors conclude that, taken together, these six variables explain more than three-quarters (75%) of the variance in Life Evaluations. This trend is also evident in the results for Georgia (**Figure 7**). Besides, in case of Georgia, the factor of GDP per capita plays the largest explanatory role (on average, within 25-28%), the role of the Social Support is high and growing (on average, within 16-24%), while the role of the Generosity is the lowest and sometimes zero.

[34] Helliwell, J., Layard, R., Sachs, J., De Neve, J.-E., Aknin, L., & Wang, S. (2025). *„World Happiness Report 2025"*. University of Oxford: Wellbeing Research Centre.
https://worldhappiness.report/ed/2025/

"Happiness Index" explanatory variables' role (%) in the index score for Georgia, 2019-2024
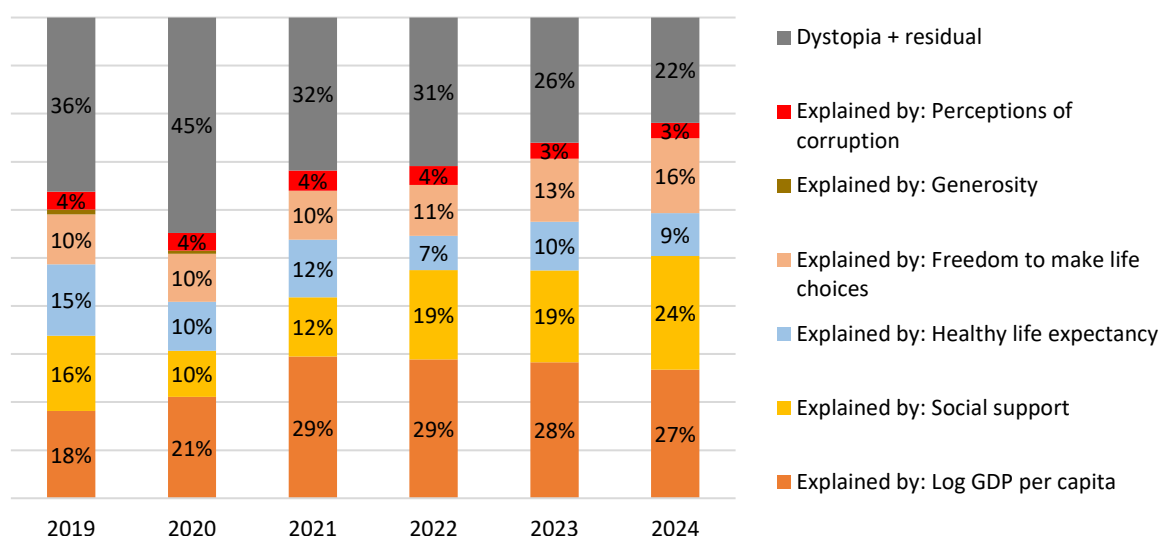

Figure 7. *The role of "Happiness Index" explanatory variables in the index score for Georgia, 2019-2024*

It is important to mention the seventh component, which is presented as an explanatory variable in the study and is called "dystopia + residual". "Dystopia" is a hypothetical country that the authors of the study present based on the results of Life Evaluations. The name "Dystopia" is chosen because this hypothetical country has the worst results compared to all other (real) countries (i.e. the opposite of "utopia"). "Dystopia" is used as a "benchmark", against which the contribution of the other six components in the case of each (real) country should be compared. In the 2025 report (i.e. for the results of 2022-2024), the score of "dystopia" was estimated at 1.37 on the 0-10-point scale of the above-mentioned Life Evaluations. As for the "residual", this is the part that is not accounted for by the presented explanatory model and represents a kind of prediction error for each country. This "residual" component reflects potentially other additional variables that may (and are expected to) explain Life Evaluations. For example, the 2020 World Happiness Report[35] focused on the role of environmental factors in assessing human happiness and well-being. However, this factor is not yet presented as a separate component in the existing explanatory model. We can assume that in the future, along with the development of research models and the greater relevance of environmental issues (which is also confirmed by the integration of environmental issues in other well-being assessments discussed above), ecological issues will also take their place in the explanatory model presented in the World Happiness Reports.

All three international assessments discussed above provide us with particularly valuable information about the development, well-being and happiness of societies from different perspectives. However, it is important that, in parallel with the development of international assessments and indices, the introduction of detailed and comprehensive national well-being assessment models becomes more relevant. Some examples of those were discussed above in this report. Clearly, the development of a multi-factor model of happiness and well-being assessments and its introduction in Georgia at the national level will give us a more accurate picture of what determines and how the well-being of the society is actually changing, than it is shown solely by economic activity indicators.

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[35] Helliwell, J., Layard, R., Sachs, J., & De Neve, J. E. (2020). „*World Happiness Report 2020*". Sustainable Development Solutions Network.
https://worldhappiness.report/ed/2020/