

BTI 2012 | Qatar Country Report

Status Index	1-10	6.10	# 49 of 128	
Political Transformation	1-10	4.08	# 91 of 128	➔
Economic Transformation	1-10	8.11	# 14 of 128	➔
Management Index	1-10	5.88	# 35 of 128	

scale: 1 (lowest) to 10 (highest) score rank trend

This report is part of the Bertelsmann Stiftung's Transformation Index (BTI) 2012. The BTI is a global assessment of transition processes in which the state of democracy and market economy as well as the quality of political management in 128 transformation and developing countries are evaluated.

More on the BTI at <http://www.bti-project.org>

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Key Indicators

Population	mn.	1.8	HDI	0.831	GDP p.c.	\$	-
Pop. growth ¹	% p.a.	9.6	HDI rank of 187	37	Gini Index		41.1
Life expectancy	years	78	UN Education Index	0.623	Poverty ³	%	-
Urban population	%	95.8	Gender inequality ²	0.549	Aid per capita	\$	-

Sources: The World Bank, World Development Indicators 2011 | UNDP, Human Development Report 2011. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$2 a day.

Executive Summary

The period under review saw not only the consolidation but also the continuation of the overall positive developments that Qatar has experienced since 1995 when the current Emir Hamad bin Khalifa Al Thani came to power.

On the economic front, the situation is excellent. The country has the world's highest GDP per capita income. Less than 20% of the total population are citizens, and the rest are foreigners on temporary work permits. In the period 2009 – 2011, when most of the world's economies have struggled to recover from the global financial meltdown, Qatar reached another high. With real GDP growth of 9.5% in 2009 and a remarkable 19.4% in 2010, the small state with 1.6 million inhabitants (approximately 200,000 of whom are nationals) has attracted much international attention. This positive development rests mostly on the country's abundance in natural resources and the cautious policies adopted by the government. Qatar is also the world's largest exporter of liquefied natural gas (LNG) and possesses the third largest reserves of natural gas, the backbone of its economy. Notwithstanding, Qatar has been diversifying its economy and has been trying to move towards a more knowledge-based society. Education City on the outskirts of Doha is the flagship project, hosting numerous U.S. universities. Inflation, which ran close to 20% in 2009, remains one of the most difficult issues for Qatar's economy.

Al-Jazeera Space Channel has contributed to freedom of expression by tackling many previously taboo subjects, and has also put the state of Qatar firmly on the international scene and made its capital, Doha, one of the most famous cities in the world. Whether it is hosting regional or international summits or international events, Qatar is well known as a host country. In 2022 it will be the first country in the region to host one of the world's most-watched events, the FIFA World Cup, and the country plans to build on this base. Another international event, the World Handball Championship, will be held in Qatar in 2015. Plans have already been drafted for a

state-of-the-art metro system running throughout the country and a causeway to Bahrain – a result of the World Cup bid. The reforms made in education are pioneering and will, in the future, surely bring change to the country.

The relaxation of freedom of thought was illustrated by the opening of the first church in Qatar in May 2008, and the fact that many other faiths are now free to worship is a further testimony to the advances made in civil liberties and personal freedoms. The situation of the “Bidoons” and expatriate blue-collar workers is still worrying, but the proposed reform of the sponsorship system gives cause for optimism.

Generally speaking, however, the progress made towards democracy is not great. Elections to the Central Municipal Council, a 29 member council, were first held in 1999 and have since been held every four years on a regular basis. The last election took place in 2007 and included the election of three women. A national parliament is supposed to replace the Advisory Council and its 35 appointed members. Elections to this parliament were scheduled for 2004, but have been postponed due to administrative problems and will not be held before 2013.

On the diplomatic front, Qatar has improved its relations with its neighbors and enjoys privileged relations with powerful Saudi Arabia and Iran. Qatar also maintains close relations with Hezbollah, Hamas, the PLO and Israel. Consequently, it has become a major player in mediating conflicts in the Palestinian–Israeli conflict, the conflict in Darfur and the problems in Yemen. Saudi Arabia reinstated its ambassador to Doha in 2008 after his withdrawal in 2002. Qatar engages in economic trade with Israel in the form of an Israeli trade mission in Doha and has welcomed several high-ranking Israeli politicians for meetings and discussions, including the then Prime Minister Shimon Peres in February 2007 and the then Israeli Foreign Minister Tzipi Livni in April 2008, as well as several lower-ranking foreign ministry officials and delegations. Having said that, Qatar is still a staunch supporter to the right of the Palestinian people to self-determination; it has been a supporter of Hamas and has made generous contributions to rebuilding efforts in Gaza. The Iranian President Mahmoud Ahmadinejad was also invited to the Gulf Cooperation Council (GCC) summit in Doha in December 2007. In addition, Qatar works closely with the United Nations.

These moves show that Qatar, despite its size, has been able to find a niche for itself in the international scene and has been able to position itself as an honest broker that enjoys the trust and respect of the different players in the Middle East.

History and Characteristics of Transformation

Qatar, a former British protectorate, is a relatively young country which has existed for just four decades. After the withdrawal of British forces in the late 1960s and early 1970s, Qatar began negotiation with the (now) United Arab Emirates (UAE) and Bahrain in order to form a federation. When these negotiations failed, Qatar decided to go its own way and declared its independence on 1 September 1971, with Khalifa bin Hamad Al Thani as first emir and leader. Declining petroleum revenues put the young Qatari economy under increasing pressure during the second half of the 1980s and the early 1990s, and it was under these difficult circumstances that Emir Hamad bin Khalifa Al Thani conducted a coup d'état in June 1995, taking over power bloodlessly from his father. At this point, Qatar's transition period begins, because Hamad bin Khalifa introduced several groundbreaking reforms into the society and politics. He not only endorsed women's right to vote and drafted a new constitution, but also quickly abolished the Ministry of Information which was, along with the launch of Al-Jazeera Space Channel in November 1996, a landmark in Qatar's liberalization process. Al-Jazeera enjoys strong financial backing from the royal family, and has been very active in addressing some of the hitherto taboo subjects in the Middle East such as poverty, prostitution, and political reforms. It has also provided several opposition groups and individuals with the opportunity to address audiences in their respective countries when they lack national channels of communication. Undoubtedly, the creation of Al-Jazeera has contributed to freer press in the Arab world. Given its uncompromising stance and its tackling of some difficult and taboo subjects, Al-Jazeera has not necessarily been a very popular channel among the authoritarian regimes in the Arab world, as proved by the closing down of Al-Jazeera offices in several Arab capitals such as Rabat, Algiers and, recently, Tunis.

Another transition landmark was Qatar's first ever election in 1999, albeit at a local level only. The election to the Central Municipal Council brought novel provisions to Qatar despite its conservative nature: not only were women allowed to vote but they were also allowed to stand for election. While women did not gain any seats in 1999, the election and the participation of women both as candidates and voters were groundbreaking not only in Qatar itself but in the conservative Gulf region as a whole. It should also be pointed out that one woman was elected to this council in 2003, and three in 2007.

One of the Emir's wives, Sheikha Moza Bint Nasser Al Misnad, is politically active and has been trying to implement her vision for the future development of Qatar. As chair of the influential Qatar Foundation, Sheikha Moza has been extremely active in several causes such as the advancement of the status of women in Qatar, the plight of children around the world, and education projects in Qatar and the region – especially Iraq.

Education is given great importance under the emir's rule as it is seen as the only way of achieving better human capital. Attendance from kindergarten to high school is mandatory for all citizens. No country in the world invests more in education than Qatar, when calculated as GDP percentage. Education City on the outskirts of Doha is host to several prestigious universities, and the Qatar Foundation has been generous in providing research grants to academics working in different fields. The national Qatar University has attracted world-class scholars. About three-quarters of the student population is female. According to the CIA World Factbook, the literacy rate of females in Qatar is 88.6%, one of the highest in the Arab world.

Qatar under the rule of Emir Hamad bin Khalifa Al Thani grew from being a small oil-producing state to a key international player in the region. On the diplomatic front, Qatar has positioned itself as a power broker in the region (border disputes with Saudi Arabia and Bahrain were settled in 2001), helping to successfully resolve several regional conflicts and developing strong ties with regional as well as international players. Qatar was applauded by the international community for its role in resolving conflicts in Darfur and in Lebanon.

Since coming into power in 1995, Sheikh Hamad bin Khalifa Al Thani has made significant decisions to make Qatar move forward on economic, social and political levels. The emir, unlike his predecessor, seems to be open to new ideas and is committed to a more open society. The pace of change is slow for some, as Qatar still remains an autocratic country, but several conservative elements found recent developments too rapid and challenging to the conservative nature of Qatari society.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 10 (best) to 1 (worst).

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The State of Qatar has complete monopoly on the use of force throughout its territory via its police, military and intelligence forces. These units are under the direct control of either the ministry of interior or the ministry of defense. No incidents in the recent history of Qatar have threatened the state's monopoly of force. Even though there is a clear threat from extremists to the governing authorities in neighboring Saudi Arabia, no such cases have been reported in Qatar. The current emir, Sheikh Hamad bin Khalifa Al Thani, removed his father from the throne in a bloodless coup in 1995 with the support of members of the ruling family, members of other tribes and the security forces. There have been allegations that the current emir was subjected to at least two coup attempts in 1996 and in 2002.

Monopoly on the
use of force
10

The legitimacy of the nation-state is accepted by the majority, but the right to citizenship is strictly controlled by the state. Given the small population of native Qataris (around 230,000 out of about 1.4 million), the country's extensive wealth and the role of the state in distributing the country's wealth to the native population, Qataris are not really interested in politics and remain proud of their state. Nonetheless, given the rapid changes that have taken place in Qatar over the last decade and the high speed of modernization, certain conservative elements not only view these developments with suspicion, but have tried to resist them. The sale of alcohol in hotels and in some restaurants in the newly built "Pearl" residential peninsula and the relative gains in the status of women have been viewed as an infringement on Qatari culture. The forthcoming 2022 World Cup and the changes that will be brought with it – such as the availability of alcohol on a large scale and the possible issue of homosexual visitors – are also viewed with suspicion.

State identity
7

The Qatari government was lenient towards those accused of being supportive to the coups in 1996 and 2002 and restored their citizenship. However, despite these

positive developments, the issue of the “Bidoons” – the non-citizen residents who are present in many Gulf countries – remains a significant problem that needs to be addressed.

The main argument against giving citizenship to foreign residents is that it may bring about the loss of the rich culture and traditions of the country. The majority of the people living in Qatar are foreigners with no specific ties to the country or state identity. These foreigners are, in general, made up of two categories: white- and blue-collar workers. The constitution of Qatar guarantees these people equality before the law and protects them. White-collar workers are in a better position given the nature of their contracts which grant them high salaries and the privileges that go with them, like health insurance. Blue-collar workers, however, suffer poor treatment and have been calling for better condition and more rights. In June 2007, Nepalese construction workers went on strike and demanded higher salaries and better working conditions.

Regardless of whether a foreigner is a white- or blue-collar worker, the system of sponsorship is still in operation. This restricts the right of foreign workers to change employers without the prior consent of the first employer. The sponsorship system has come under heavy criticism from international human rights institutions, and the government of Qatar is in the process of introducing new laws to regulate and reform this system.

As a Muslim country, religious factors do play an important role in the society and the political system of Qatar. Even though less than 20% of the population are nationals, 77.5% of the total population are Muslims and the majority of them coming from South Asian and South-east Asian countries. The official religion of Qatar is Sunni Islam, although the country adheres to a more liberal interpretation of Islam. Nonetheless several other faiths exist such as Shi’a Islam, Buddhism, Christianity, Hinduism and others. Until recently, public worship of other religions was not allowed, but this has changed. In 2008, the Emir personally donated a piece of land on which the first Catholic church was built in Doha. Other places of worship for other faiths are being built, which will further enhance freedom of religion.

Qatar has comparatively liberal laws, but is still not as liberal as UAE or Bahrain. In addition to its civil law jurisdiction, Shari’ah provides the basis for court decrees dealing with family law, inheritance and certain criminal acts. Religious actors play a significant role in Qatari society, to the extent that they can criticize the actions by the country and the region. For instance, noted Qatari-based Islamic cleric Yusuf Al-Qaradawi has urged the GCC countries to review their sponsorship systems.

No interference of religious dogmas

6

Basic administration works effectively, is very well developed and compares favorably with the basic administration in any developed country. As an oil-rich state, Qatar provides a high-class infrastructure for its people, and the state is engaged in a continuous effort to further develop this by adopting new technological advances. E-government is omnipresent and its online services are widely used. Qatari citizens and foreign residents can access several service and government departments from their home computers. The system is very effective and is updated on a regular basis to take recent developments into account.

Basic
administration
10

All inhabitants have permanent access to water and sanitation according to official figures (UNICEF, 2009). Whether it is providing world-class health services through government hospitals, which is free to its citizens, or providing high-end educational opportunities by bringing foreign universities to the country or funding students who wish to study abroad, Qatar is doing its job. Moreover, the construction of new expressways and the upgrading of existing ones to make the traffic flow easier, plus building a state-of-the-art metro railway, shows the futuristic aspect of overall planning. The proposed Qatar–Bahrain causeway is another example, connecting the two countries by a 40km bridge with both rail and road transportation. The introduction of a new patrolling division, Al Faza, further enhanced the state’s ability to control crime and respond quickly in emergency situations.

2 | Political Participation

When it comes to political participation, all Gulf countries, including Qatar, still lag behind. For instance, Qatar did not have any elections until 1999. In that year, Qatari adults were called upon for the first time to elect a 29-member Central Municipal Council. In a move that was hitherto unimaginable in conservative Qatar, women were not only allowed to vote but they were also allowed to stand for election. To date, elections to this council have been held at regular intervals, in 1999, 2003 and 2007, and, while women failed to gain any representation in the first election, Sheikha Al-Jufairi made history by becoming the first elected woman in Qatar in 2003. In the current council, elected in 2007, three women gained representation. Nonetheless, despite regular elections, the highest turnout was just over 50% of the eligible voters. Expatriates are excluded from these elections.

Free and fair
elections
2

Qatar is building on its modest achievements and proceeding with further political reforms by adopting a new constitution proposed by a commission in 2002 that received an overwhelming majority of 96.6% at a referendum in March 2003. The new constitution provides for the creation of a unicameral parliament of 45 members, two-thirds of whom (30 members) will be directly elected by universal suffrage, whereas the remaining 15 will be directly appointed by the emir. Originally planned for 2004, elections to this parliament have been repeatedly

postponed (most recently in 2010) and are now planned for 2013. A new electoral law was adopted in May 2008 to overcome the administrative difficulties that impeded the election, but despite these developments, the elections were never held and there is no indication that they will be held in the near future.

To date, there is a consultative assembly (Majlis ash-Shura), but it is not democratically elected: All 35 members are appointed by the Emir. Qatar claims that it is developing into a constitutional monarchy, but it neither allows political parties nor conducts elections on a national level yet.

Qatar is a hereditary monarchy and its government is not democratically elected. The constitution of Qatar stipulates that the Al Thani family rules the country. It should be pointed out that there is no clear and serious opposition to the rule of the Al Thani family, and most of the population seems to be content with the country's achievements and the steps taken by the tiny emirate, especially since June 1995, when the current emir took over. Furthermore, the political system is characterized by the fact that all powers are concentrated in the hands of the emir, and there are no serious players either in the military or in the administration that can legitimately hold the balance of power.

It is customary that a male descendant of the emir takes over power. In August 2003, Sheikh Hamad bin Khalifa, whilst keeping up with the tradition, also spoke about the eventuality of there being no son who is capable of running the country. He stated that if the emir died and none of his sons were be capable of performing his duties, a "family council" would be responsible for choosing a successor.

Despite the political reforms outlined above, it must be stressed that freedoms of association and of assembly are still very limited. Despite the fact that Qataris are allowed to organize demonstrations, marches and public gatherings, as in many countries in the Arab world, these require government approval – usually a permit from the ministry of the interior. Such provisions make it difficult, if not impossible, to demonstrate against, for instance, the U.S. military presence in the country (one of America's biggest bases is in Qatar, and it directed the 2003 invasion of Iraq). Furthermore, freedoms of association and assembly are impeded simply by the fact that political parties and labor unions are prohibited in Qatar.

The Majlis ash-Shura or the consultative assembly plays an important role here. The members of this assembly are appointed by the Emir to act as representatives for different tribes in the country. So far, there is no influential representation for the large number of expatriates living in the country. Nonetheless, despite Qatar being a mainly Sunni Muslim country, other religious groups are allowed to freely meet and worship.

Effective power to govern

1

Association / assembly rights

4

Since Sheikh Hamad took office in 1995, continuous progress is being made in freedom of expression. Two particular issues are striking: The first is the abolition of the ministry of information in 1995, making Qatar the first Arab country to take this step. This ministry was responsible for controlling and censoring everything published and/or broadcast according to the government's wishes, and its abolition suggested that, at least in theory, freedom of expression would improve. The second and perhaps best known example was the establishment of Al-Jazeera Space Channel. Since its launch in 1996, Al-Jazeera has developed into a complex media empire broadcasting not only in Arabic but also in English, reaching the four corners of the world. Although no concrete steps have yet been taken, there has been talk that Al-Jazeera is also considering introducing a new news channel broadcasting in French. Al-Jazeera has not only put the tiny state of Qatar on the world's map, but has also provided an alternative source of information to audiences around the world who have hitherto relied on either their national channels or CNN. With its broadcasting format, its large number of foreign correspondents and (perhaps most importantly) its financial muscles – estimated at about \$40 million a year – Al-Jazeera became not only a nuisance to almost all Arab countries, but also to some Western governments. Its coverage of the invasion of Afghanistan in 2001 and of Iraq in 2003 are prime examples: The U.S. army even bombed Al-Jazeera's Baghdad office, presumably in order to prevent it from broadcasting stories which the American administration found unacceptable – though the U.S. army consistently rejects these accusations and speaks of “collateral damage.” Furthermore, Al-Jazeera news format, coverage of some sensitive issues and most importantly giving air time to some opposition groups and controversial personalities has put Al-Jazeera at loggerheads with several governments in the Arab World. Al-Jazeera has also been forced to close its offices in several Arab countries. For example, before the former Tunisian President Ben Ali fled his country on 14 January 2011, Al-Jazeera had neither offices nor correspondents in the Maghreb as Morocco had closed down their local operation in 2010. Kuwait did the same. The most prominent example of protest against Al-Jazeera by an Arab government was the withdrawal of the Saudi Ambassador from Doha in 2002 – he was reinstated only in February 2008. Nonetheless, criticism has also been leveled against Al-Jazeera because its coverage refrains from criticizing Qatar and its policies. This is denied not only by Al-Jazeera but also the Qatari authorities.

While Al-Jazeera represents a breakthrough in media coverage in the Arab world, local media, either print or broadcast, still lags behind. Given the conservative nature of Qatari society in general and a limited audience, these media have not been as forthcoming in their discussions as Al-Jazeera.

However, a new draft media law consisting of 45 articles was formulated in early 2011 to give more freedom to journalists based in Qatar. Journalists will have the right to protect their sources, but will have to disclose them if required by a court.

Freedom of
expression

7

They will also be free to write on all issues except those related to national security and friendly countries. Journalists cannot be detained for questioning by law-enforcement agencies without a court order.

Doha Debates, a well-known discussion program aired by the BBC and a few other broadcasters, is produced in Doha, but, when it comes to individual freedom of expression, there are certain restrictions, especially if the subject is political.

3 | Rule of Law

There is no separation of powers. Qatar is an absolute monarchy where power is concentrated in the hands of the emir and the subordinates he appoints himself. The legal system, a combination of both Islamic and civil law codes, is under the general supervision of the emir. Furthermore, the constitution provides for independence of the judiciary, so that the emir and members of the cabinet are formally under the jurisdiction of the court, but the reality is different. The 35 members of the Majlis ash-Shura are also appointed by the emir himself. This body does not perform the traditional role of a legislative body.

Separation of powers

2

In theory the country has an independent judiciary. Indeed, several articles of Qatar's constitution (Articles 129, 130, 131 and 134) provide for the independence of judges and the judiciary. However, the independence of the judges is impeded by the fact that they are appointed by the emir to a three-year term which is renewable on the recommendation of the Supreme Judiciary Council. Qatar has relatively liberal laws, especially compared to neighboring Saudi Arabia, but besides civil laws Islamic jurisprudence still plays a major role in family and personal cases. Corruption is not an issue in the working of the independent legal system, but prominent people have a clear influence on the judiciary. A constitutional court was established in 2007, beginning work in September 2009. This must be seen as a further milestone in the liberalization process of the former absolute monarchy.

Independent judiciary

4

Qatar has an established law that punishes corruption. The country's constitution stipulates in Article 128 that "ministers shall not use their official posts in any way for their own interests or for the interests of [those with] whom they have special relations." This provision suggests that the Qatari authorities take corruption and abuse of office for personal gains very seriously. In an extraordinary move taken in January 2002, the current prime minister and minister of finance, the powerful Sheikh Hamad bin Jassim Al Thani, was investigated for allegedly taking payment from a British company. The investigation was abandoned five months later without any action being taken against the prime minister. In 2005, three high-ranking officials were dismissed from their posts for alleged fraud.

Prosecution of office abuse

4

The constitution provides for the protection of the political rights and civil liberties of individuals in Qatar. Article 35 states that all people are equal before the law and that discrimination on whatever basis (religion, origin, sex, color of skin) is prohibited.

Civil rights
6

Unlike in Saudi Arabia, gender equality and human rights are better recognized, not least due to Qatar's National Human Rights Committee. For example, women are not prevented from driving cars. However, there are widespread debates about the sponsorship system (kefala) which exists in most of the GCC countries including Qatar and which is seen by many as a type of twenty-first century slavery. Guest workers require a sponsor (kafeel) to enter and also to leave Qatar. Their fate lies fully in the hands of individual businessmen or even private persons.

The question of the stateless Bidoons is also a worrying trend. Human rights organizations such as Amnesty International and Human Rights Watch have highlighted a few cases of nationals whose civil rights have been curtailed.

4 | Stability of Democratic Institutions

Apart from the Central Municipal Council, it is very difficult to speak of any democratic political or judicial institutions. The judiciary has been strengthened by the adoption of a number of measures, but it is the legislative body that causes concern.

Performance of
democratic
institutions
2

There is a cabinet of ministers appointed by the emir for the smooth functioning of the state. Apart from this there is a consultative assembly (Majlis ash-Shura) which has 35 appointed members with consultative tasks. Qatar has stated its intent to develop into a constitutional monarchy, and legislative elections will be held in Qatar sometime in 2013, although they were originally planned for 2004, and repeatedly postponed.

Elections are held only at a local level, and these councils have only restricted influence. For the time being, no actor or group poses any serious threat to or questions the Qatari political system. The emir enjoys wide-ranging power in running the country and the support and loyalty of the majority of Qataris. It is likely, given the different reforms that have been undertaken over the last decade, that further developments will take place. Such reforms, it is safe to assume, will be resisted by certain sections of society, especially the more conservative elements.

Commitment to
democratic
institutions
2

5 | Political and Social Integration

No political parties exist in Qatar and it is illegal to create one. But there is a consultative assembly (Majlis ash-Shura), which has 35 members with consultative tasks. Members of this assembly are not elected but appointed by the emir.

Party system
1

In 2003, the Qatari government created an entirely appointed human rights council. The government also allowed the creation of some professional associations (e.g., for accountants and lawyers). However, the Qatari government so far rejects all demands for labor unions.

Interest groups are extremely rare, and those which exist are under the control of the government. The establishment of an interest group in Qatar is not an easy task, as it is an expensive and a complicated administrative process. Since 2004, the establishment of an association requires the investment of QAR 100,000 – around \$27,500 – and the group must pay an annual fee of QAR 10,000 (approximately \$ 2,750). Nonetheless, despite this, a number of groups have been established with the blessing of the government. Chief among them are groups working in the areas of human rights, especially human trafficking, children's rights and women affairs. The most famous is the Qatar Foundation, the brain child of the emir's wife Sheikha Moza Bint Nasser Al Misnad, who is also its chairperson. Qatar Foundation is an official tool for improving education and research opportunities in Qatar, and has been one of the country's standard-bearers in the last few years. One of its top tasks was the organizational ground work of Education City, a campus of several international universities outside Doha.

Interest groups
4

Since the country is not democratic, the channel through which society can communicate with the governing body is narrow. Here, the Majlis ash-Shura plays an important role as mediator between the emir and the citizens.

Since Qatar is a well-functioning state and its native inhabitants at least enjoy all possible advantages, almost nobody takes the absolute monarchy into question. Also, the unstable situation in some of the tentatively democratized Arab states does not make democratic options appear more attractive. A move towards complete democracy is not seen as an alternative by most Qataris.

Approval of
democracy
n/a

A good relationship exists among citizens, mainly because of the country's rich culture and tradition. Everything is deeply rooted in Islamic values such as respect, forgiveness etc. Whether it is the hospitality which is shown to guests or helping others in an accident, locals treat each other with respect and trust. But even though Qatar has this culture and tradition, these values are declining somewhat with the emergence of globalization. The government is trying to keep habits alive by encouraging public gatherings. Citizens often invite people to their majalis

Social capital
3

(gathering halls) to maintain traditions, exchange ideas and discuss matters which range from serious issues to football games.

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

According to the 2010 UNDP Human Development Report, Qatar is ranked 38th in HDI which gives the country a place at the very top of world rankings. No parts of the population are excluded from society due to poverty. But the Gini coefficient is 41.1, which shows the unequal distribution of income in the society. The literacy rate is 93%, and the combined gross enrollment ratio reaches 80.4%.

Socioeconomic
barriers
9

Overall the situation is impressive except for the blue-collar foreign workers who still face problems relating to low wages and working and living conditions. The huge investment in the different sectors of the economy, the investments planned for the next decade in preparation for the World Cup, and the influx of white-collar workers means that house prices and rents have rocketed, and inflation, which runs at almost 20%, is very difficult to control.

Economic indicators		2007	2008	2009	2010
GDP	\$ mn.	80750.8	110712.4	98313.2	-
GDP growth	%	26.8	25.5	8.6	-
Inflation (CPI)	%	13.8	15.1	-4.9	-2.4
Unemployment	%	0.5	-	-	-
Foreign direct investment	% of GDP	5.8	3.4	8.3	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-	-	-	-
Public debt	% of GDP	8.0	9.2	26.6	17.8
External debt	\$ mn.	-	-	-	-
Total debt service	\$ mn.	-	-	-	-

Economic indicators		2007	2008	2009	2010
Cash surplus or deficit	% of GDP	10.8	10.3	15.2	-
Tax revenue	% of GDP	20.3	16.6	19.8	-
Government consumption	% of GDP	21.6	18.6	24.7	-
Public expnd. on edu.	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	2.4	2.1	2.5	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.2	2.3	-	-

Sources: The World Bank, World Development Indicators 2011 | International Monetary Fund (IMF), World Economic Outlook 2011 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2011.

7 | Organization of the Market and Competition

The Ministry of Economy and Finance is the main governing body overseeing market competition, and all participants are required to abide by the rules and regulations put forward by the government. Even though there is a strong institutional framework fostering market-based competition, state-owned or large public companies enjoy more freedom and support from the government than privately owned businesses. There is a small and nominal informal sector in the country, but these small scale ventures do not get much support from the government. The vast majority of foreigners, who have temporary work permits, cannot own a firm outright, as a 51% or more of the shares must be owned by a citizen. Furthermore, there are huge restrictions posed by the government in all sectors, and these normally end up making the main players into monopolistic firms.

Despite moves by the Qatari government to encourage competition and privatization, the largest companies in Qatar are still state owned, although in 2009 Vodafone entered Qatar and provided stiff competition for the state-owned Qtel.

Qatar has allowed monopolistic structures to a certain extent, but changes to this approach have already kicked in. The telecommunication sector was solely controlled by Qtel until recently, when Vodafone launched their own service and put an end to Qtel's monopoly and customer abuse. However, the government is too selective, and no third company is allowed to enter the telecommunications sector, thus safeguarding both parties' interest. Changes have been made, but not enough to make it a purely market-based economy. State companies still enjoy a monopoly,

Market-based
competition

7

Anti-monopoly
policy

6

but if Vodafone is an example of the competition then Qtel has truly experienced the pressure of policies of economic liberalization.

Since the current Emir Hamad bin Khalifa Al Thani overthrew his father in a bloodless coup in 1995, the country has experienced modernization and liberalization measures to ensure development of the state. Qatar became a member of the WTO in January 1996 and has on the whole complied with its obligations under the WTO's regulations. Qatar has not so far been involved in any trade disputes that had to be settled under the WTO scheme. Apart from education, tourism and health care, access of foreigners to the local market requires a Qatari partner. Qatar shares its claim to the lowest tax rates in the world with its neighbor, Bahrain.

Liberalization of
foreign trade
9

According to Fitch Ratings, Qatari banks continue to show strong profitability, healthy asset quality and good capital adequacy ratios, thanks to the stable operating environment. Qatar's central bank (QCB), which supervises 16 commercial banks (including three Islamic and seven foreign banks), was the second central bank in the region to implement the Basel II requirements. The largest private bank is still Qatar National Bank (QNB, rated A+ by Standard & Poor's with a "stable outlook"), but its market share has been gradually falling in recent years as its competitors pursue more aggressive growth. Offshore branches of foreign banks have substantially increased and will compete primarily in corporate, investment and private banking as well as asset management. The sound situation of Qatar's banks enabled them to go through the global economic crisis without major setbacks. Substantial profits were made in 2008, though the liquidity shortages which led to falling customer confidence and lending reluctance were also visible. In consequence, the Qatar stock market DSM index (renamed in QE index on 5 June 2010) lost about 40% of its value in the first months of 2009. To prevent further decline, the government bought shares of troubled banks – a policy which has so far been successful – and hopes are high that the market will continue to stabilize and grow again.

Banking system
9

Branches of international banks such as HSBC operate in the country.

8 | Currency and Price Stability

The Qatari riyal has been fixed at 3.64 to the dollar since June 1980. This de facto peg was formalized in July 2001, replacing the earlier formal peg to the Saudi Riyal within relatively wide margins. The dollar peg has provided an anchor for macroeconomic policy and a reference point for stability and confidence, although recent official figures show that the inflation rate in Qatar stands at 1.1% and is set to rise in the coming months as the construction sector booms, and food and fuel prices increase globally. The World Bank gives -4.8 as Qatar's inflation rate for

Anti-inflation /
forex policy
8

2008, mirroring the effects of the global financial crisis that tended to lead to sinking consumer prices. In practice, QCB handles most central banking functions including currency board arrangements. QCB is required to maintain 100% foreign reserve cover for domestic currency issued. Since the reserve cover has remained above 100%, QCB has been able to adopt a relatively active monetary policy, with domestic interest rates higher than world rates. A new law is being drafted giving QCB more independence. QCB used open market operation, required reserve ratios and credit policies when inflation in the country rose to two digits in 2008/2009. Qatar has the highest per capita income in the world, but high salaries and the influx of foreigners have also contributed to the rise of inflation.

Public debt stands at 14% of GDP and the deficit reached QR22.9 billion (\$6.3 billion) in the first three months of Qatar's 2010/2011 fiscal year. Government revenue fell to just 15% of the amount collected in the same quarter of 2009/2010. In 2007 government consumption rose to 20.84% of GDP and 12.48% of cash surplus/deficit was recorded. With 9.5% real GDP growth in 2009, Qatar's fiscal and debt policies promote macroeconomic stability.

Macrostability
9

9 | Private Property

Property rights and regulations are well defined and well enforced by the state. Property rights are limited by the constitution, and now the long-term lease facility has made the situation easier. According to recent data from the World Bank's Doing Business Report, it takes 16 days and ten procedures to register a property.

Property rights
9

Private companies are permitted and protected if they meet the standards put forward by the government. There are comparatively few bureaucratic hurdles to starting a business. Ownership of private companies is limited for foreigners as each company requires a citizen as a sponsor and the sponsor must hold a stake of at least 51%. According to the World Bank Doing Business Report, Qatar stands in 50th position, down 11 places from the previous year. This indicates that the government "made starting a business more difficult by adding a procedure to register for taxes and obtain a company seal." (Doing Business Report 2011, p. 140). In 2010, however, the government enacted a new Foreign Investment Law aimed at promoting foreign investment in specific business sectors including agriculture, manufacturing, health, education, tourism, power and projects which develop and utilize the state's natural resources. The new law permits up to 100% foreign ownership in these business sectors. The law does not allow a non-Qatari to participate in banking, insurance, commercial agency or real-estate trading activities. State-owned companies enjoy more freedom compared to privately owned ones. On the other hand, the privatization of state companies abides with market principles.

Private enterprise
8

10 | Welfare Regime

Social welfare schemes are in place and mainly focus on nationals rather than the expatriate community. They include free health care, education to university level, housing grants and subsidized utilities. Eligible nationals can get basic food needs such as rice, sugar etc. for their family at subsidized prices. Basic health care is also provided by the state through the Hamad Medical Corporation, which has clinics all over the state and specialized hospitals. Their services are free of charge for citizens, and other residents are obliged to pay a small amount to be eligible for treatment. According to the latest U.N. Human Development report, life expectancy at birth was 76 years in 2010 (compared to 73 years in 2003).

Social safety nets
8

In recent years, institutions have been established to support low-income families and disabled individuals through education and job training programs.

According to World Bank data, the literacy rate is at 93% (2007 estimation) and the combined gross enrollment ratio rate reaches 80.4% (2010 estimation). Women are allowed to vote in municipal elections and the scheduled parliament. They also attend schools at all levels, but in reality Qatar is still a male-dominated society. The only two women ministers in the cabinet were sacked in 2009. Also, women are not allowed to work in the ministry of foreign affairs or be diplomats, contrary to the practices of some other GCC countries like Kuwait, Bahrain and Oman.

Equal opportunity
6

The situation of foreign residents is problematic. Expatriates are not allowed to apply for citizenship or own property. As a part of the Qatarization process, companies operating in the country are obliged to recruit more nationals to meet government goals. There is no equal opportunity for foreigners, who cannot change employer unless s/he gets a “no objection letter” from their current sponsor. The sponsorship system has been heavily criticized for some time and reform suggestions are currently under debate.

11 | Economic Performance

Qatar, a gas- and oil-rich gulf state, has the highest GDP per capita in the world according to an IMF report published in 2010. Its GDP stands at \$102,147 billion, and a 9.5% real GDP growth was realized even during the global economic meltdown. Petroleum is the economy’s backbone, contributing more than 70% to the government’s total revenues, more than 60% to the country’s GDP, and generating approximately 85% of Qatar’s export earnings. Recently Energy Minister Abdullah al-Attiyah announced that Qatar had become the world’s largest liquefied natural gas (LNG) producer with 77 million tons a year – a milestone for a country which is slightly smaller than the state of Connecticut, USA. Recent figures

Output strength
9

show that the inflation rate in Qatar stands at 1.1%, which is expected to rise, notably because of the increase in fuel prices. Inflation reached its peak in 2008 at 15% and dropped to -4.8% in 2009. Unemployment is almost nonexistent: Official sources speak of 0.5%.

12 | Sustainability

The term “eco-friendly” is increasingly heard on Qatari local news reports, but Qatar still has a long way to go on the path to sustainable development. The country has the world’s highest per capita carbon dioxide emissions with 55.4 metric tons per person in 2007 (World Bank data, compared to 32.3 in Kuwait and 31.0 in UAE). The main reason for this is the use of fossil fuel for generating electricity, water desalination and natural gas processing. As citizens enjoy free water and electricity, it is frequently wasted, and the low fuel prices lead to a lack of efficient public transportation, thereby worsening the situation.

Measures have been taken by the government to reduce the electricity and water consumption by increasing the rate and by organizing a variety of public awareness programs which include banners, advertisements etc. The “Qatar Today Green Award” (which is segmented into specific categories such as Green School Award, Best Eco-friendly Organization, and Best Public Awareness Campaign) promotes green practices in business. Qatar’s finance minister urged developers to promote projects that are eco-friendly – there is undoubtedly a need, as the construction industry in particular is currently booming. New ideas for improving the construction sector’s eco-perspective are increasingly discussed.

Qatar’s education reforms are pioneering. According to the UNDP’s Human Development Report, Qatar spent 3.3% of its GDP on education in 2005, and has increased this steeply in recent years. Schools operate in both the public and the private sector. Qatar has tried to develop its schooling standards to meet international standards and is engaged in a continuous effort to produce high quality education throughout the country. At university level, Qatar University (established in 1973) plays a major role, taking on the highest number of students in the country. As a result of the government’s efforts to bring world class education to the country with the support of the Qatar Foundation, some major world universities have opened branch campuses at Education City, including Carnegie Mellon University, Georgetown University School of Foreign Service and Texas A&M University, among others. In 2008 the Qatar Science & Technology Park was established as part of Education City to act as a juncture between the universities and the industry. According to recent World Bank figures, Qatar has a 93% literacy rate – up from 82% in the year 2004.

Environmental
policy
5

Education policy /
R&D
9

Transformation Management

I. Level of Difficulty

Poverty is almost non-existent in Qatar. Its geographic area poses no obstacle to development, and the country is successful in its efforts to provide world class infrastructure to its people. No natural disasters have happened in the country's recent history, even though the neighboring states were hit by floods and hurricanes. Pandemics are also under control in Qatar. In conclusion, structural constraints on governance are very low in Qatar.

Structural
constraints

1

Qatari society has a fair civil society tradition. Once again, for the 80% plus of the population who are foreigners with temporary work permits, the civil society situation is completely different. Most of these people will leave the country once their contract is over, so there is constant societal change. Meanwhile, the government tries to decrease the influence of other cultures and keep local traditions alive. The local civil tradition supports high trust among Qataris and teaches the principles of respect and hospitality.

Civil society
traditions

8

The majority of the population are Muslims (around 77.5%, with 6% of them being Shi'ites). Other religious groups include Protestant or Catholic Christians, Hindus, Buddhists, and Bahá'ís. There have been no past incidents of religious clashes in the country, but there are some tensions within large parts of Qatar's South Asian community, although they have not ended in serious violence so far. This is because of strict government reactions to such incidents, resulting in jailing or deportation.

Conflict intensity

2

II. Management Performance

14 | Steering Capability

The state has articulated its long-term reform goals. So far the government has been successful in setting priorities and the majority of the influential group in Qatar works towards achieving these. Education and the diversification of the economy are the two core issues which are given priority in long-term strategy. Foundations

Question
Score

Prioritization

5

have already been set up to reach both these targets. The government has brought well-known international universities to the country and raised standards at school level to achieve the goal. The government also worked in the international arena promoting education in the world's least developed countries as a part of the UN's Millennium Development Goals. Qatar has also made remarkable progress in its effort to diversify the economy. For example, state-owned groups have been investing in multinational companies like the Volkswagen group. Qatar is also trying to be recognized as an international host nation. The country has already hosted major international meetings successfully, with especially the 2006 Asian Games providing proof of Qatar's ability to organize such events. Qatar also successfully hosted the 2011 Asian Cup, and recently won its bid to host the 2015 World Handball Championship as well as the 2022 FIFA World Cup.

Since the state is an absolute monarchy, the governing body is unrestricted in implementing its policies. Small steps have been taken towards achieving democratization by transforming the current system into a constitutional monarchy, but these attempts are in their infancy.

Implementation
5

Innovation and flexibility are considered in policy-making, but in a rather controlled manner. Everything seems to be done internally and rare examples of widespread anger over policies are seldom taken into account. However, most of the new reforms are based on assessment and thorough consultancy. The voice of the citizens is often heard mainly through the Majlis ash-Shura, but the feedback from the vast majority of foreigners is neglected in most cases.

Policy learning
5

All important decisions in domestic and foreign affairs are taken by the Emir, Shaikh Hamid bin Khalifa, in consultation with a small, narrow circle of advisors. These include the Prime Minister and Foreign Minister, Shaikh Hamid bin Jasim, and the Deputy Prime Minister, Abd Allah bin Hamid al-Atiyya (a blood relative of the emir). The Shura council puts its rubber stamp on legislation initiated and presented to it by the government. A flagrant example of a sudden and unexpected decision taken and applied by the emir was his 2004 decision to strip the al-Murrah clan of Qatari nationality and expel them from Qatar under the pretext that they held dual Qatari and Saudi citizenship. This measure affected some 10,000 people (5% of the Qatari population). The emir subsequently changed his mind and let them stay in Qatar. This decision never passed the Shura council.

15 | Resource Efficiency

When it comes to the efficient use of governmental administrative personnel, Qatar is in a stable position. Key figures in the administration are appointed by the emir, rather than selected by qualification, so political influence plays a major role in the process of recruitment. Qatar has been efficient in the use of budget resources,

Efficient use of
assets
7

whether in keeping a manageable level of state debt or in the use of independent auditing. Local bodies and elections are held in the process of electing new members. Public administration is becoming easier to deal with because of the continuous government reform efforts.

Well-institutionalized public departments act efficiently. Responsibilities have been written down and cooperation between departments is assured, so all efforts are directed towards achieving the end goal.

Policy
coordination
9

In Qatari society corruption is seen as a criminal and shameful offense. The high rates of salary in the government departments play an important role in reducing the rate of corruption. The country's constitution stipulates in Article 128 that "ministers shall not use their official posts in any way for their own interests or for the interests of [those with] whom they have special relations." In 2005, three high-ranking officials were dismissed from their posts by the emir for alleged fraud.

Anti-corruption
policy
8

16 | Consensus-Building

There have been some attempts to convert Qatar from an absolute into a constitutional monarchy, but the actual measures taken towards it are still limited. The market economy already plays an important role, and the government has lessened its control over the market as the country is totally dependent on imports – with the exception of its petroleum needs. More and more reforms are conducted to improve Qatar's international standing. In consequence, Qatar has already started to broaden its economy to encompass goods and services other than oil.

Consensus on goals
7

Qatar has several anti-democratic actors. Many oppose democracy because of the situation in democratized states in the region, and see it as a Western idea. These are not just ordinary citizens, but also include a handful of people who still have influence in the government. There has been a slight move towards democratization as the country is trying to develop a constitutional monarchy system, but in reality this move did not get much attention.

Anti-democratic
actors
3

While Qatar has adopted a market economy, it is still reluctant to adopt any real measures that lead to constitutional democracy.

There is high level of trust among nationals, but when it comes to the expatriate community, who operate with temporary work permits, the situation is not quite stable. However, this situation seldom escalates into violent conflicts. The foreigners are, in general, made up of two categories: white- and blue-collar workers. White-collar workers are in a better position given the nature of their contracts, their high salaries and the privileges that go with them, such as health insurance. Blue-collar workers, in general, suffer poor treatment and have been

Cleavage /
conflict
management
8

calling for better conditions and more rights. In June 2007, Nepalese construction workers went on strike and demanded higher salaries and better working conditions.

The government has been doing its part to ease this situation. The establishment of a National Human Rights Committee (NHRC) in November 2002 is one example. Even though NHRC is not affiliated to the United Nations or any other international institution, it is bound by the Paris Principles – a set of guidelines created by the United Nations for national human rights organizations in the early 1990s.

The leadership does take suggestions and feedback from civil society – whether from religious scholars or the intellectual community – in the event of an emergency, but in a less-than democratic way, as only those selected by the government have the power to make suggestions or even criticize. Apart from this there is the consultative assembly which consists of 35 members appointed by the emir.

Civil society
participation
4

No major events which would require reconciliation efforts have happened in the recent history of Qatar.

Reconciliation
n/a

17 | International Cooperation

The leadership uses international support for developing the nation. There has been a steady increase in international meetings by the emir and his delegation, and an array of foreign officials visiting the state. Qatar is set to develop more rapidly in the coming years as the country has won the bid to host the 2022 FIFA World Cup. Without international support the process of development would be unlikely to take place smoothly.

Effective use of
support
9

In recent years Qatar has been increasing its international participation, and is perceived as a credible partner in regional as well as international diplomacy. It has been able to attain a remarkable position in the international arena because of its brand as an international host country and its peacekeeping efforts. In international politics, Qatar's constructive role in the 2008 Lebanese peace negotiations was viewed positively, and most recently, the country also tried to play a constructive role in Libya during the turmoil of early 2011. Qatar works closely with the United Nations, especially in achieving the Millennium Development Goals by providing aid relief to disaster-hit countries or helping less-developed countries progress.

Credibility
8

Qatar has a strong relationship with neighboring countries and is a member of the GCC. Since its creation in 1981, the GCC has moved forward tremendously. Talks have already begun on creating a unified currency. Even though there have been some border-related issues with neighboring countries such as Bahrain and Saudi

Regional
cooperation
10

Arabia, most of these have been settled through diplomatic talks. Plans developed in cooperation with Bahrain to construct a bridge connecting both countries has triggered some irritation in Saudi Arabia, but no major consequences are expected. During the most recent clashes within Bahrain between the Shia-dominated population and the Sunni royal family, Qatar became the third GCC country (besides Saudi Arabia and UAE) to send troops into its northern neighbor to stabilize the royal leadership.

Strategic Outlook

The key challenges that Qatar faces are the problems related to the expatriate community, obstacles to democratization and the issue of the Bidoons – residents without citizenship who are present in many Gulf countries. The issue of foreign nationals working in the country is serious because they make up around 80% of the total population. Qatar's sponsorship laws are widely criticized as a modern form of slavery. These exist in every GCC state (except Bahrain) and make guest workers dependent on the goodwill of their employers, who can prevent them from entering or leaving the country. Sponsors also control the job-change possibilities of their guest workers, often preventing them from finding better-paid jobs. The sponsor system has come under heavy criticism from international human rights organizations, and the government of Qatar is in the process of introducing new laws to regulate and reforms this system.

Unlike in many Western countries, expatriates are not allowed to apply for citizenship after a certain period. Furthermore, human rights violations against guest workers have also been reported. The violations include lack of proper living conditions, underpayment, exclusion from society, domestic violence, sexual abuse, etc. The channels available for foreigners to communicate with the authorities are narrow, and guest workers lack sufficient opportunities for complaints and critique. Scrapping the sponsorship system (as proposed by Qatar's human rights council to match neighboring state Bahrain) would ease the situation. A recently conducted survey shows quite the opposite attitude among citizens, who say the sponsorship laws need to be even stricter.

Democratization is a topic often neglected in the process of governing. The majority of citizens is not especially supportive of democracy because of the difficult situation of several democratized Arab countries, and take the view that democracy is Western. This might explain why the most recent revolutionary movements have not found a toe hold in Qatari society at the time of writing (February 2011). With education reform in place, the future generation will hopefully be able to support democracy and tailor a form of it that compliments the values of Qatari society.