

BTI 2016 | Qatar Country Report

	scale	score	rank	trend
Status Index	1-10	6.01	# 55 of 129	
Political Transformation	1-10	3.83	# 93 of 129	➔
Economic Transformation	1-10	8.18	# 13 of 129	➔
Management Index	1-10	5.33	# 54 of 129	

This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2016. It covers the period from 1 February 2013 to 31 January 2015. The BTI assesses the transformation toward democracy and a market economy as well as the quality of political management in 129 countries. More on the BTI at <http://www.bti-project.org>.

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Key Indicators

Population	M	2.2	HDI	0.851	GDP p.c., PPP \$	146177.7
Pop. growth ¹	% p.a.	3.3	HDI rank of 187	31	Gini Index	-
Life expectancy	years	78.6	UN Education Index	0.686	Poverty ³	% -
Urban population	%	99.2	Gender inequality ²	0.524	Aid per capita	\$ -

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | UNDP, Human Development Report 2014. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.10 a day at 2011 international prices.

Executive Summary

While many Arab countries struggled with internal challenges and calls for change between 2011 and 2013 – marked by the Arab Spring and its aftermath – Qatar focused on shifting and broadening its foreign policy. Though successful at the beginning, its assertive and ambitious strategy consisting of supporting (mainly Islamist) opposition groups and rebels in countries such as Libya, Syria and Egypt cost it dearly. Although the Qatari flag flew prominently in the rebel stronghold of Benghazi during Libya’s revolution in 2011, puppets of the emir were burned in protest in the same city in 2013. After the military overthrow of the Muslim Brotherhood-led government in Egypt, Qatar’s high but short rise to regional power was practically over and Saudi Arabia reassumed its earlier leading role by putting Qatar on the sidelines. Since the power transfer of Hamad bin Khalifa Al Thani to his son Tamim just a few days before the Egyptian coup, Qatar turned towards domestic politics. Except for foreign policy, the new emir continues most of his father’s policies. Still, pressure to conform grew strong – some neighbors in the Gulf Cooperation Council (GCC) led by Saudi Arabia pressured Qatar into abandoning its support for the Muslim Brotherhood; internationally, the treatment of foreign workers provoked outrage. Foreigners make up about 88% of the country’s population but are excluded from the wide range of benefits that citizens enjoy such as free health care, education, water and electricity. According to the kafala (sponsorship) system, migrant laborers (particularly blue-collar workers) are highly dependent on their Qatari employers. Often, this results in the abuse of their rights and even slavery-like conditions. The kafala system is shared by all other GCC states and is present in the Levant region. However, the bulk of the criticism has been directed at Qatar because of the publicity of its foreign policy and FIFA’s controversial decision to allow Qatar to host the World Cup in 2022. Thus, to a degree, the strategy to put Qatar on the map has backfired for the small country. Qatar has tried to accommodate some of these demands, but implementation is slow and critics find its political will lacking.

In terms of economic transformation, however, Qatar remains a top performer. It is the world's largest exporter of liquefied natural gas (LNG) and possesses the third largest reserves of natural gas, the backbone of its economy. Yet Qatar has started to diversify its economy in order to ensure the future economic prosperity for its 2.3 million inhabitants and its 280,000 citizens in particular. This has led to Qatar once again to become the richest country in the world. Expenses on education and healthcare are high and ever growing, as it is the declared goal of the country's long-term Qatar National Vision 2030 strategy to expand the country's knowledge-based economy.

There was no progress toward democracy during the reviewed period. Elections to the 29-member Central Municipal Council were first held in 1999 and have since been held every four years on a regular basis. The last election took place in 2011 and included the election of one woman. Elections to a national parliament, which is supposed to replace the existing Advisory Council with its 35 appointed members, were scheduled for 2004. However, they have been postponed several times and will not be held before 2016.

In preparation for the 2022 FIFA World Cup, Qatar has already started to build a network of roads, railways and an underground metro system. Such projects demonstrate Qatar's unbroken desire to further improve its positive image as a first-class host of international events. In the 2015 World Handball Championship, Qatar became the first-non-European team to reach the world championship final before losing to France.

History and Characteristics of Transformation

Before oil was discovered in 1940, Qatar consisted of little more than a few villages on the shoreline that were economically dependent on pearl fishing and nomadic cattle-breeding tribes. Under British "protection" status, the first political institutions and infrastructure were developed and literally fueled by hydrocarbon revenues. After the withdrawal of British forces in the late 1960s and early 1970s, the British "protected state" Qatar began negotiations with what is now the United Arab Emirates and Bahrain to form a federation. When these negotiations failed, Qatar decided to go its own way and declared independence on 1 September 1971. On 22 February 1972, Sheikh Khalifa Bin Hamad Al Thani became the Emir of Qatar by deposing his cousin. He ruled the country in an authoritarian fashion until he was overthrown by his son, Sheikh Hamad Bin Khalifa Al Thani in June 1995. He, in turn, voluntarily transferred his power to his son Tamim bin Hamad Al Thani on 25 June 2013. Compared to his predecessor, Emir Hamad Bin Khalifa has turned out to be more committed to an open society and the development of the country, and has proven essential to shaping its current form.

Just after taking office, Hamad introduced a series of reforms that have had lasting impact not only on the economic and political system of Qatar, but also on society in general. As a result, Qatar has been firmly put on the political map and its capital, Doha, has become a household name globally. Hamad introduced elections and a constitution, developed infrastructure, and invested

heavily in healthcare and education. He abolished the Ministry of Information and created the al-Jazeera Satellite Channel network in 1996, which has since revolutionized mass media in the Arab world. Al-Jazeera has contributed to freedom of expression in the region by tackling many previously taboo subjects, and propelled the country onto the international scene. Qatar's first-ever election, albeit at the local level, took place in 1999. The election to the Central Municipal Council (CMC) brought novel concepts and practices to Qatar, despite its conservative nature and the limited prerogatives of the institution. In a groundbreaking move – not only for Qatar, but also for the whole male-dominated Gulf region – women were allowed not just to vote but to run for election, which finally happened in 2003. One of the former emir's three wives, Sheikha Moza Bint Nasser Al Misnad, is very active in politics and culture, and has been trying to implement the ruling family's vision for the future development of Qatar. She co-founded and chairs a number of important organizations, including the Qatar Foundation, the leading Qatari umbrella organization for research, education and community development.

The adoption of Qatar's permanent constitution in a public referendum in April 2003 with 98% approval represented a milestone in the reform process and brought about some modest improvements with regard to democratic ideals. While the constitution stipulates that rulers of Qatar should be from the Al Thani family and the position of the emir is not to be contested, it nonetheless officially provides basic rights and liberties for citizens. Also, it lays the ground for an – albeit underdeveloped – system of power sharing between the three traditional branches of government. Significantly, however, the constitution called for the creation of a partially elected parliament to replace the 35 appointed members of the current Advisory Council. However, elections were delayed multiple times and are not expected to take place until 2016.

Economically, Qataris have the highest per capita income in the world. Its enormous hydrocarbon rent income enabled the ruling family to establish a vast social welfare state without the need for taxation and its citizens enjoy a very high standard of living. However, this development was accompanied by the ever-rising import of cheap labor from foreign countries as Qataris were at first not able, and later unwilling, to perform the amount of demanding or degrading work necessary for such rapid progress. This led to Qataris becoming a highly privileged, but also tiny minority in their own country, constituting only about 12% of the population. Qatar's economy is thus highly dependent on hydrocarbon exports and foreign labor, and is in need of diversification. The challenge now is to transform its mainly rent-based economy into a knowledge-based one and to Qatarize the workforce. Doha is already known as an economic and financial hub, Qatar Airways is one of the world's leading airlines, and it is strategically located between the important markets of Europe and Southeast Asia.

Over the last decade, Qatar has positioned itself as a key power broker in the region, having successfully contributed to the resolution several regional conflicts. As a result, Qatar developed strong ties with both regional and international players. However, Qatar has also been subject to increasing criticism for its regional power and foreign policy activity in the wake of the Arab Spring, which includes the support of (violent and non-violent) Islamist groups in various Arab countries. Saudi Arabia in particular tried to dampen Qatar's rise to regional power, culminating in the withdrawal of Saudi, Bahraini and Emirati diplomats from Doha in March 2014. Qatar's

activism significantly declined among rising domestic criticism since Emir Tamim came to power in 2013. Further pressure was put on the tiny country because of international attention surrounding FIFA's decision to give Qatar the hosting rights to the World Cup in 2022 in December 2010. At the time, this was seen as a major victory – a signal that Qatar's national branding and development were appreciated, which could be used as a catalyst for development. However, the tables turned on Qatar and the media attention was seized by human and labor rights groups who vocally decried the situation of foreign workers in the Gulf state. Also, more traditional sectors of society that do not support further political opening and economic liberalization saw the event as a further challenge to the country's identity.

This tension reveals the dualism at play in Qatar in recent years: the pace of change has been too slow for some, while at the same time the country remains essentially a tribal society with an autocratic regime. Nonetheless, conservative elements see change as moving too fast and posing a threat to the traditional and Islamic nature of Qatar's society.

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

Transformation Status

I. Political Transformation

1 | Stateness

Question
Score

The state has complete control over its territory and total monopoly on the use of force through its security forces: police, military and intelligence services. These units are under the direct control of either the Ministry of Interior or the Ministry of Defense. Dissident groups that pose a serious challenge to the authorities do not exist. Succession, a sensitive issue in many neighboring monarchies, is not contentious for the foreseeable future. To the contrary, on 25 June 2013, Hamad bin Khalifa Al Thani was the first Arab monarch to voluntarily transfer his power to his successor, his fourth son and current Emir, Tamim bin Hamad Al Thani. At the age of 33, he is also the youngest monarch in the region. In the past, however, palace coups d'état were a regular feature in Qatar's political history. Hamad Al Thani removed his father from power in a bloodless coup in June 1995 with the support of other members of the ruling family, representatives of other tribes as well as the security forces. The latter seized power from his cousin in 1972. During Sheikh Hamad bin Khalifa's rule, there have been allegedly at least two coup attempts, in 1996 and in 2002.

Monopoly on the
use of force
10

Given the small population of native Qataris, who represent about 12% of Qatar's total population (around 280,000 out of a population of about 2.3 million), the country's extensive wealth, and the role of the state in distributing the country's wealth to their native population, the issue of citizenship is paramount. As a tiny but highly privileged minority in their own country, the delimitation of who is or can become a Qatari is gaining importance. Even though a legal procedure for naturalization has existed since 2005, allowing for the provision of Qatari citizenship to an annual maximum of 50 foreigners, naturalization is mainly based on patrilineal jus sanguinis, making it almost impossible to gain the Qatari citizenship for anyone without a Qatari father. Naturalized Qatari citizens, for example foreign-born athletes, do not automatically get access to the same range of benefits as native-born Qataris.

State identity
7

Apart from the category of a Qatari national, the definition of Qatar's cultural content has also gained in importance. The rapid changes that have been taken place in Qatar over the last decade and the high speed of modernization led to a resistance by certain conservative elements that view these developments with suspicion and fear the loss of traditional identity. Issues of contention include the sale of alcohol in some hotels and restaurants, as well as the relative gains in the status of women, which is seen as an infringement on Qatari culture. Likewise, conservatives express dismay that Qatar is hosting the World Cup in 2022 because of the changes it will bring such as the large-scale availability of alcohol and the presence of openly homosexual personalities.

In the last years, the government initiated large-scale concerted attempts to develop a distinct "Qatari heritage" including numerous "heritage festivals," "heritage villages" and the ambitious new Qatar National Museum, which is currently under construction.

Religion is an essential part of Qatari identity. The official religion in Qatar is Sunni Islam, the legal system incorporates secular as well as Shariah law and Qataris follow the strict Hanbali school. Nonetheless, several other faiths exist in Qatar such as Shi'a Islam, Buddhism, Christianity and Hinduism, although only the Abrahamic faiths are recognized by the government. The emir participates at religious events but does not hold any official religious function.

The constitution protects freedom of worship and prohibits discrimination on religious grounds although some restrictions persist. "Apostasy" from Islam is considered a capital offense and proselytizing by non-Muslims is illegal. Although there are some reports on religious discrimination and censorship on religious grounds, religious tolerance is supported by the government. In 2008, a Catholic church was opened in Doha on a piece of land donated by the then emir, and several other churches followed in the next years. Other places of worship for other faiths are being built. Doha has been holding annual inter-faith conferences that include Muslim, Christian and Jewish participants for 11 years. Despite initial resistance, the Jewish presence was later accepted. Former Emir Hamad Al Thani stated that if the state of Israel qualifies for the World Cup in 2022, its team and supporters would be welcome in Qatar.

Recently, some controversies surrounding the Islamic prohibition of alcohol have emerged. Societal pressure has led the government to ban alcohol in some places, for example, in the newly built "Pearl" area. Just before Ramadan 2014, a modesty campaign was launched, called "Reflect your Respect" and urging visitors and residents to dress modestly. These attempts to preserve the conservative nature of society is, however, more strongly linked to the question of state identity and tradition than to encroachment of religion into the political sphere.

No interference of religious dogmas

5

Basic administration works effectively, is very well developed and compares favorably to any developed country. Whatever is needed for the functioning of a good administration, such as courts, tax collection and local authorities, is in place and implemented in Qatar. E-government is omnipresent and its online service is widely used. Qatari citizens, as well as residents in the country, can access many services and government departments from their computers. The system is very effective and updated on a regular basis.

Basic
administration
10

2 | Political Participation

Every four years since 1999, Qataris have elected an independent, but purely consultative 29-member Central Municipal Council, which primarily discusses topics of local development; the next elections are announced for May 2015. While women failed to gain any representation in the first election in 1999, in the following 2003 election Sheikha Al Jufairi became Qatar's first elected woman. In the current council, elected in 2011, only one woman won a seat, after three had been elected in the previous legislature. Despite regular elections, the highest turnout rate was just over 50% of the eligible voters in 2007 and fell to 43.3% in 2011, which might suggest that Qataris in general are not particularly interested in politics. Another reason may be that this municipal council has no real power.

Free and fair
elections
2

Building on the modest gains achieved this far, Qatar adopted a new constitution, which was drafted by a commission and finally proposed to the emir in 2002; subsequently, it received an overwhelming majority of 96.6% in a national referendum in March 2003. The new constitution provides for the creation of a unicameral chamber parliament (majlis al-shura, Advisory Council) consisting of 45 members; two-thirds of them (30 members) shall be directly elected by universal suffrage and the remaining third (15 members) directly appointed by the emir. It would have the power to propose legislation and review the budget and would have oversight over the Council of Ministers. The election of this parliament was originally planned for the following year, 2004, but was postponed multiple times, lastly in connection to the transfer of power in mid-2013 until at least 2016. Consequently, there are doubts about the emir's intention to implement the constitutional provisions in full.

Qatar is a hereditary monarchy and the government is not democratically elected. The constitution 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 is content with the country's achievements. The fact that all power is concentrated in the hands of the emir and that there are no other serious players, neither in the military nor the political space that can legitimately challenge his power, has in addition helped to strengthen the harmony of the political system and its stability. Furthermore, in order to ensure the smooth running of the country's

Effective power to
govern
1

affairs and political succession, it is customary that a male descendant of the emir will take over as happened in June 2013. The constitution provides stipulations in the event of the absence of a suitable male descendant.

Despite some of the political reforms outlined above, it must be stressed that freedom of association and of assembly are still very limited. Qataris are nominally allowed to organize demonstrations, marches and public gatherings, but holding such demonstrations requires governmental approval – usually a permit from the ministry of interior. Such provisions make it difficult to demonstrate against the government or its interests. For example, it is nearly impossible to demonstrate against the U.S. military presence in the country, the largest in the region. Furthermore, freedom of association and assembly are impeded by the simple fact that both political parties and labor unions are prohibited in Qatar. The only operational trade union is the General Union of Workers of Qatar, which excludes non-citizens and government-sector employees.

Association /
assembly rights
3

Favorably for the high percentage of foreigners in the country, religious groups are allowed to freely meet and worship, whether they belong to the Sunni Islam or other recognized faiths. Non-recognized faiths (such as non-Abrahamic religions) are allowed to worship in private.

Since former Emir Hamad Al Thani came to power in 1995, numerous steps have been made to enable freedom of expression. As the first ruler in the region, he abolished the Ministry of Information, responsible for controlling, directing and censoring media. In 1996, he established the widely known al-Jazeera Satellite Channel. The 2003 constitution now protects “freedom of opinion and scientific research” and Qatar has made some progress in facilitating expression.

Freedom of
expression
5

Since its launch in 1996, al-Jazeera has not only put the tiny state of Qatar on the world map, but it has also provided an alternative source of information to audiences around the world. With its broadcasting format, its large number of foreign correspondents, and its financial muscle, al-Jazeera quickly rose to a global level in terms of quality and outreach. However, alongside the perceived meddling and partisanship of Qatari foreign policy, its reputation was severely damaged, especially among Arab audiences, since 2011. Earlier criticism was already aimed at the fact that while al-Jazeera’s coverage was free in theory, it refrained from criticizing Qatar and its policies. This has become more obvious since Qatar’s foray into foreign policy. Some of the most respected journalists, such as Ghassan Ben Jeddou, resigned after the Arab Spring. He and others charged that al-Jazeera’s coverage was biased and lacked professionalism. Nevertheless, al-Jazeera represented a breakthrough in media coverage in the Arab world and indeed provided the opportunity for greater freedom of expression, especially for excluded groups and personalities.

The same cannot be said about local media. The combination of Qatar’s conservative society, a limited audience, and an autocratic government has resulted in a high level of self-censorship among journalists and editors. Political issues are rarely discussed in Qatari media, and instead topics cluster around cultural or local issues. A draft media law introduced in 2012 calls for the abolishment of criminal penalties for journalists but also prohibits reports that could damage Qatar’s foreign relations or “harm the national or higher interests.” In May 2013, a controversial “cyber law” introduced new restrictions on Internet freedom. There are rarely any transgressions, but if they occur, punishment ensues. In 2013, a 15-year jail sentence for a Qatari poet who was accused of writing a poem considered offensive to the emir was upheld. The Doha Center for Media Freedom, a non-profit organization focused on the freedom of media and expression, is one example of Qataris’ simultaneously praise of freedom of expression abroad while maintaining domestic restrictions. In 2013, Jan Keulen, the Dutch director of the center, was replaced by a member of the Al Thani family. The country was ranked 115 out of 180 countries in the 2015 Index for Media Freedom by Reporters without Borders, down two places from 2014 and three from 2013.

3 | Rule of Law

Separation of powers suggests the existence of the three branches of government; executive, legislative and judiciary. In Qatar, given the absence of the proposed elected parliament, it is impossible to speak fully of the legislative process, let alone separation of powers. Currently, the advisory council is composed of 35 members who are all directly appointed by the emir, and consequently, they owe their positions to him. Under such circumstances, this body does not perform the traditional role that a legislative body performs. With regard to the courts, the constitution provides for the independence of the judiciary, and the emir and members of the cabinet are nominally under the jurisdiction of the court. Yet given the privileged position of the emir and the wide respect and esteem he enjoys, the court’s power is more theoretical than real.

Several articles of Qatar’s constitution (articles 129–131, 134) provide for the independence of judges and the judiciary process. However, since these judges are appointed by the emir upon the recommendation of the Supreme Judiciary Council for three-year indefinitely renewable terms, their independence is impeded. The appointment of a new judge presiding over the Villaggio Fire case (dealing with the 2012 fire disaster in a shopping mall that left 19 dead) in October 2014 has been met with vehement criticism, though this may reflect the frustration with the process and its politics more than the actual skills of the judge in question.

Separation of powers

2

Independent judiciary

3

Shariah courts also exist and deal with matters of personal status, such as divorce for Muslims. A constitutional court was established by law 12/2008 (effective since September 2009) but has not made any significant difference to date, despite the many constitutional articles that still have not been implemented, such as regularly required elections (articles 77, 81) or better protection of workers according to international standards (article 6).

The 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 whom they have special relations.” However, it is highly questionable that high-ranking officials fear legal action in cases of corruption or abuse of power. Many top officials have financial interests and shares in businesses inside and outside the country. When legal action against alleged corruption is initiated, the motivations are likely political.

Some high-profile corruption cases have emerged nonetheless. Allegations of bribery to win the FIFA World Cup bid in 2022 were leveled against Qatari officials. Mohammed Bin Hammam, President of the Asian Football Federation, was accused of buying votes from representatives of national football associations. He was banned for life from all football-related positions. Qatar was quick to reject these accusations and established the Administrative Control and Transparency Authority in November 2011 to ensure that corruption would not be tolerated. The emir stated that the state would show no mercy to corrupt individuals. Qatar was cleared of major charges of vote buying in November 2014. In an unprecedented verdict in 2013, five high-ranking bureaucrats and businessmen, including one member of the Al Thani family, Qatar’s ambassador to Belgium, and others from influential families were handed a sentence of five to six years in prison for involuntary manslaughter in the aftermath of a fire in a Doha mall that killed 19 people, including 13 children. However, as of this writing they are currently free pending an ongoing appeal.

Article 35 of the constitution states that all Qataris are equal before the law and discrimination on whatever basis (religion, origin, sex, color of skin) is prohibited. However, members of the Shi’a minority, while able to worship freely, are marginalized and keep a low profile.

International human rights organizations such as Amnesty International and Human Rights Watch have highlighted cases of nationals whose civil rights have been curtailed. One striking example was the stripping of about 5,000 members of the al-Murrah tribe of their nationality in 2004. They were accused of dual (Qatari and Saudi) nationality. Critics claim that they were in fact loyal to the deposed Emir Khalifa Al Thani and that they were potentially involved in a counter-coup against then Emir Hamad Al Thani. The order was rescinded several months later.

Prosecution of
office abuse

4

Civil rights

6

The most evident breach of civil rights is, however, the treatment of workers in the construction business, mainly from South Asia. Several reports by international human rights organizations such as Human Rights Watch have identified massive abuse of these workers. A 2014 International Trade Union Confederation Report entitled “The Case Against Qatar” details the deplorable living and working conditions of these people. Problems mostly derive from the problematic kafala (sponsorship) system, widespread on the Arabian Peninsula, that puts workers at the complete mercy of their employers. While this issue was made public over a decade ago, it has come under more scrutiny since Qatar won the right to host the FIFA World Cup. Surprised by the overwhelming pressure, the Qatar Foundation and the 2022 Supreme Committee for Delivery & Legacy enacted regulations regarding the working and living conditions of migrant workers. However, they have not yet been implemented. Whether there is actually an intention to do so is unclear at this point.

4 | Stability of Democratic Institutions

Overall, apart from the Central Municipal Council, Qatar lacks democratic political and judicial institutions. The judiciary has at least been strengthened by the adoption of a number of measures, such as the emir and the members of the cabinet being formally under the jurisdiction of the court. A true legislative body remains non-existent. The proposed elected parliament has yet to be elected (earliest election date is expected for 2016). The current Advisory Council is only a consultative assembly as opposed to a legislature, and, as its name suggests, performs a consultative function.

Performance of
democratic
institutions
2

Political decisions in Qatar are not made by democratic institutions, but by the royal family and associates. For the time being, no actor or group poses any serious threat or publically questions the type of political system operating in Qatar. The emir wields wide-ranging power in the running of the country’s affairs and enjoys the support of the majority of Qataris. Further potential reform in liberalization or democratization, possibly spurred on by the limelight brought on by the preparation for the FIFA World Cup in 2022, will most likely be resisted by certain sections of society, especially the more conservative elements.

Commitment to
democratic
institutions
2

5 | Political and Social Integration

Political parties do not exist in Qatar and, for the time being, there is no indication that parties will be allowed to emerge for the next elections.

Party system
1

The few existing interest groups are under the control of the government. The establishment of an interest group in Qatar is not only expensive but a complicated administrative process. The registration procedure for NGOs and professional and private associations was simplified in 2010, but provides numerous hurdles. NGOs are required to have ten million Qatari riyal (\$2.745 million) in capital and its own or rented premises within six months of licensing. Nonetheless, a number of groups were established with the approval of the government. Chief among them are groups working in the areas of human rights, especially human trafficking, children's rights and improving the status of women within Qatar. There is also the world-known Qatar Foundation, the brainchild of the former emir's wife and current emir's mother, Sheikha Moza Bint Nasser Al Misnad, who is also its chair. Qatar Foundation is another official tool to improve education and research opportunities in Qatar, and has helped promote a positive image of the country over the last few years.

Interest groups
3

While institutions are generally of a lesser importance in Qatar, personal bonds prevail. Citizens' interests are mostly transferred via "majalis," informal meetings where demands and grievances can be voiced and are eventually transmitted to the emir. Examples of interests that were implemented at the top political level are the ban on alcohol sale in the "Pearl" area of Doha and the introduction of Arabic as official language at Qatar University. Reforms resulting in the weakening of citizens' privileges are often vocally opposed in majalis and by businessmen as, for example, in the case of the Commercial Company Law that was seen to favor foreign companies that was drafted in January 2013.

In general, Qataris are not particularly interested in democracy and are satisfied with the authoritarian political system in place. The political system is perceived to be legitimate and there is not any wide range dissatisfaction or serious challenge to it. This is evidenced by the fact that Qatar is the only country in the Arab world that has not seen any serious demonstrations against the regime during the Arab Spring as well as regular survey data from the Social and Economic Survey Institute at Qatar University, although results for the last two years have not yet been published. This is to a large extent understandable given the size of the population and the comfort in which the local population live. Since Qataris have the highest per capita incomes in the world, life is comfortable and people are generally satisfied with the status quo. That being said, there is certainly disagreement with some policies, especially those of a progressive nature.

Approval of
democracy
n/a

Associational activities are rare in Qatar and most NGOs are actually RONGOs (royally organized NGOs), dependent or even part of the regime. The state's generous redistributive policies make poverty among Qatari citizens almost unknown and associations that provide support for the destitute do not exist. In 2004, Qataris, as well as foreigners, were given the right to form associations, but the formation of these associations is a very expensive activity and marred with bureaucratic red tape. Other organizations that support the work of the government, such as the Red Crescent and the Qatar Foundation, under the leadership of Sheikha Moza Bint Nasser Al Misnad, have been very active in the areas of health care, education and research.

Social capital
4

A report by the Social and Economic Survey Research Institute of Qatar University, released in summer 2012, showed that Qataris have a high level trust of other Qataris (8.0 on a scale from 0 to 10) but only low trust of Western Europeans (3.6) and Arab expatriates (6.1), indicating that Qatari society is indeed highly divided between natives and foreign nationals. New follow-up data has so far not been released, but this sentiment is likely to have deepened due to the perceived unfairly harsh criticism of Qatar in the last months.

II. Economic Transformation

6 | Level of Socioeconomic Development

Question
Score

Qatar has been trying to move away from a rent-based economy to a more knowledge- and service- based economy. Overall, progress is impressive. Qatar ranks in the “very high” category on UNDP's 2014 Human Development Index (rank 31, scoring 0.851) with an average annual increase of about 0.47% between 1980 and 2013 – the best score in the region. Meanwhile, foreign blue-collar workers receive low wages and undergo strict and sometimes oppressive working conditions. These people, numbering at nearly two million, live on the margins of society and constitute a potential problem for the state in the future.

Socioeconomic
barriers
8

For Qatari nationals, however, poverty is not an issue.

Healthcare, water, electricity and education are free, and there are generous loans and subsidies available for housing, marriage, etc.

Women, though not officially discriminated against, are somewhat disadvantaged in comparison with men in Qatar's patriarchal society. The Gender Inequality Index that considers women's status concerning reproductive health, empowerment and labor market access assigns Qatar a value of 0.524, ranking it 114 out of 149 countries in

the 2013 index, putting it slightly above the average for the Arab world. Education data from the World Bank, paints a slightly more optimistic picture: the ratio of female to male enrollment is 90% (primary), 110% (secondary) and an outstanding 671% (postsecondary education), giving women a clear majority in higher education. Literacy rates among both men and women are high (97% for men, 96% for women).

Economic indicators		2005	2010	2013	2014
GDP	\$ M	44530.5	125122.3	203235.2	211816.8
GDP growth	%	7.5	16.7	6.2	6.2
Inflation (CPI)	%	8.8	-2.4	3.1	3.1
Unemployment	%	1.1	0.4	0.5	-
Foreign direct investment	% of GDP	5.6	3.7	-0.4	0.5
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	-	-	62417.9	54835.4
Public debt	% of GDP	17.6	38.4	32.3	31.7
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Cash surplus or deficit	% of GDP	9.2	2.9	-	-
Tax revenue	% of GDP	20.3	14.7	-	-
Government consumption	% of GDP	14.3	12.3	-	-
Public expnd. on education	% of GDP	-	-	-	-
Public expnd. on health	% of GDP	2.5	1.6	1.8	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.0	1.5	-	-

Sources (as of October 2015): The World Bank, World Development Indicators 2015 | International Monetary Fund (IMF), World Economic Outlook, October 2015 | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database 2015.

7 | Organization of the Market and Competition

Despite moves by the Qatari government to encourage competition and privatization, the largest companies in Qatar are still state-owned. There is discrimination towards foreign businesses and investments – foreigners are generally not allowed to own property and foreign investment in businesses is limited to 49% in most cases. Recent competition disputes revolve around the aviation sector. In January 2013, the Qatar-based private jet company Rizon Jet accused the Qatar Civil Aviation Authority (QCAA) of unfair competitive practices and favoritism towards state-backed Qatar Airways, which the QCAA later disputed. A 2015 study detailing various subsidies of Qatari and UAE airlines led some EU countries to seek the help of the European Commission to launch talks to end such discriminatory practices.

Market-based
competition

7

Following the construction boom in the Gulf region over the past several years, the government began to control steel prices in order to protect local steel producers. Gas prices at petrol stations are still among the lowest in the world thanks to massive governmental subsidies. (Qataris pay less for one liter of gas than for one liter of bottled water.) Informal labor does not play a remarkable role among Qatari nationals, but poses serious hazards for blue-collar guest workers, mainly those from Asia. The country's currency, the Qatari Rial, is freely convertible into other currencies.

In 2006, Qatar issued law no. 19 entitled "Protection of Competition and Prohibition of Monopoly Practices," or simply "Competition Law." But it was only in 2008 that a committee was established by decision 105 to deal with the receipt and investigation of complaints relating to anti-competitive and monopolistic practices. The competition law aims to achieve a level playing field for business competition and to create a more open and transparent business environment. However, it does not apply to governmental acts, or to the activities of any organization, entity or corporation controlled or supervised by the state. State companies still enjoy a monopoly in many sectors such as transportation, petrol retail distribution, and meat and livestock. In the past several years, there have been steps to reduce the number of monopolies. For example, school uniforms must be purchased according to the best available offer since January 2013. In 2014, the state-backed Mowasalat traffic company allowed four private taxi companies to operate although among heavily restricting regulations.

Anti-monopoly
policy

7

Qatar became a member of the World Trade Organization (WTO) in January 1996 and, on the whole, has been complying with its obligations under the provisions of the regulations. So far, Qatar has not been involved in any trade disputes that needed to be settled under the WTO scheme, but religiously as well as politically sensitive goods such as pornographic materials, narcotics and pork products can be designated as prohibited imports. The last WTO Trade Policy Review (April 2014) appreciates Qatar's plans to reduce entry barriers and liberalize services and acknowledges progress in customs clearing procedure.

Liberalization of
foreign trade
9

Apart from education, tourism and health care, access by foreigners to the local market requires a Qatari partner who has majority ownership and hence ultimate control. The Qatari government has pursued reforms to improve the entrepreneurial environment and broaden the economic base beyond oil and gas. The country's open trade regime and growing status as a regional financial hub have also contributed to private-sector growth outside of the energy sector. Qatar's average tariff rate is 4.1%, and non-tariff barriers are low. The score for trade freedom of the 2015 Heritage Index of Economic Freedom has risen slightly since the year before.

On the international market, Qatar has positioned itself as one of the most important investors. It has diversified its international investments from Volkswagen to Harrods to Paris Saint Germain Football Club. FC Barcelona is mainly sponsored by Qatar Sports Investments (QSI), which means the logos of the Qatar Foundation and Qatar Airways figure prominently on the team's jerseys. The Qatar Investment Authority has the lion share of these investments, but private investors also play a significant role.

The Qatari banking system is strong, shows profitability and has hardly been affected by the international economic crisis although the country apparently received a loan from Credit Suisse during the financial crisis of 2008 to better cope with its economic challenges.

Banking system
8

The Central Bank of Qatar and the Qatar Financial Center Regulatory Authority are responsible for supervision of the financial markets. Meanwhile, the central bank, established in August 1993, is directed mainly by members of the different ministries of finance, business, trade and economy. The regulatory authority, established in 2005, counts international experts as members in its board of directors. Neither of these institutions can act independently from the government.

Branches of international banks such as HSBC operate in the country. The largest private bank is Qatar National Bank, though its share of the national market has been shrinking because of stiff competition and the aggressive policies of its competitors. According to an IMF report from April 2014, the banking system in Qatar is well capitalized and liquid. Implementation of a financial regulatory agenda, including an umbrella advisory committee and the establishment of a final Basel III circular, is

currently ongoing. However, the IMF cautions authorities to continue monitoring vulnerabilities with an early warning system.

A 2014 WTO report describes the recent growth in Qatar's banking and insurance sector, particularly with respect to the establishment of the Qatar Financial Center (QFC), acting under free-trade-zone provisions, and the Islamic finance subsector. In 2002, reforms were initiated to create one regulatory authority for financial services in Qatar, but this has not transpired thus far.

8 | Currency and Price Stability

Inflation in Qatar is set to rise in the coming years as the construction boom continues, GDP grows and the population expands. Qatar National Bank expects 3.5% inflation in 2015 and 4.4% in 2016. Currently it is stable at a moderate level with 3.1% in 2013 and 3.0% in 2014. One of the key drivers of inflation is rising renting prices, which offset falling international food prices. Land prices have also skyrocketed. The ministry of justice reports a 92.7% year-on-year increase by December 2014. The construction boom, which entails high government spending on infrastructure projects such as new roads, drainage systems, a rail network and stadiums, is attracting a flood of foreign labor to the country, leading to a population increase of about 10% in 2014 alone.

In 2012, reforms were put in place to have greater liquidity and activity in the Qatari capital market. These reforms included the shift of the regulatory authority for the country's stock exchange, the Qatar Exchange (QE), to the central bank, increasing the settlement time for stock trades and allowing banks to create brokerage divisions. Since the country's stock market is in its early stages of development, it is hoped that having a unified and consistent regulatory authority will benefit both domestic and international brokers.

As of 2013, the current account balance of Qatar stands at \$62.6 billion, with the reserves of foreign exchange at \$41.6 billion. Fueled by a rise in investment income, the fiscal, trade and current account balances were large with the fiscal surplus in 2013–2014 estimated at 12.6% of nominal GDP, slightly more than in the previous fiscal year. Total government debt fell slightly in the same period to 27.5% of GDP.

A 2014 IMF report expects a strong microeconomic outlook, but advises the country to employ macro-prudential measures and improve public investment management. Qatar is the only country in the GCC to use three-year medium-term budgets with few specified targets.

Anti-inflation /
forex policy

8

Macrostability

9

9 | Private Property

No single, codified source of property law exist in Qatar, but a collection of laws, ministerial decrees and resolutions constitute the country's jurisprudence on property ownership. For years, only Qatari nationals were allowed to own property in the country. In 2002, the Qatari government passed new legislation, which loosened restrictions on foreign ownership of property. Under the new law, nationals from GCC member states are allowed to own property in Qatar under certain conditions. These conditions include three-property limit, restrictions on collective square meters, and a requirement the properties are used solely for residential purposes. Starting in 2004, Qatar also opened up designated areas of the real estate market to non-Qataris and non-GCC nationals. The laws under which these changes were enacted grant non-Qataris both ownership and usufruct rights in residential real estate that is located in specific investment zones, such as The Pearl and West Bay.

Property rights
9

Qatar National Vision 2030 sets the performance of Qatari companies center-stage and the recent privatization of parts of the telecommunications and utility sectors have been praised by Qatari businessmen as boosting the efficiency of the economy.

Private enterprise
9

Until recently, there were serious limitations for foreigners operating in Qatar's private sector. Each company requires a local citizen as a sponsor, who must hold a stake of at least 51%. In 2010, however, the government enacted the Foreign Investment Law aimed at promoting foreign investment in specific business sectors including agriculture, manufacturing, health, education, tourism, energy and projects that develop and utilize the state's natural resources. The new law permits up to 100% of foreign ownership in these business sectors. In June 2014, Qatar was upgraded from a "frontier" to an "emerging" market by Morgan Stanley Capital International and reacted by announcing plans to amend foreign ownership restriction rules. At the same time, Qatar Financial Markets Authority (QFMA) issued five new regulations concerning the merger and acquisitions of companies listed on the Qatar Exchange.

In a bid to attract new private companies, the Ministry of Business and Trade issued a new draft company law in early 2013. With the new law, there would be no minimum capital requirement for setting up a company, whereas under present law, firms need to have at least 200,000 Qatari Riyal (\$54,938 or €42,200). This law would encourage the emergence of SMEs in the country. In Qatari business circles, the draft law has provoked a vivid discussion, as many entrepreneurs fear increased competition from the outside.

Privatization sometimes proceeds at an uneven pace. Qatar Airways has been nationalized following the succession of Emir Tamim in June 2013, but its CEO commented in November 2014 that he could foresee it being privatized again, once its rapid growth levels off.

10 | Welfare Regime

Comprehensive social welfare schemes are in place for Qatari citizens, though no one pays income tax. These include free health care, education, water, electricity and housing grants. Eligible nationals can get basic food items such as rice and sugar for their families at subsidized prices. Basic health care is provided by the state through the Hamad Medical Corporation, which runs several clinics and specialized hospitals although there is strong undersupply of hospital beds. Their services are free of charge for citizens, while other residents are obliged to pay a small amount to be eligible for treatment. In recent years, institutions have been established to support low-income families and disabled individuals through education and job training programs. The government spends 1.9% of the GDP on public health, more than any other GCC country per capita. The health sector is expected to grow 14.4% from 2013 to 2018. Life expectancy at birth is 78.5 years.

Besides the national university, Qataris can study at internationally renowned universities which have local campuses in Education City outside Doha. Furthermore, students choosing to study abroad can apply for grants from the Higher Education Institute, part of the Supreme Education Council.

Meanwhile, it should be noted that the vast majority of foreigners who reside in the country are excluded from most benefits of the current social welfare system although they do benefit from general subsidies for gas, water and electricity for all residents.

Due to the enormous percentage of expatriate workers, the population of Qatar is over 76% male as of January 2015. However, gender inequality does not arise from legislation, but rather from societal and cultural standards. Over one third of Qatari women now work outside the home, a figure that is rare in GCC countries. This figure is expected to rise to 42% by 2016 according to the National Development Strategy 2011-2016. The gender gap in employment is less pronounced in the private sector. A third of Qatari managers in government and private companies are female. In addition, there are more than six women enrolled in universities in Qatar for every man. Qatar is often praised by external observers for its achievements in gender equality in education, however this masks the gender segregation that is still present in schools, even at Qatar University, where males and females are educated on two separate campuses. However, in the new foreign campuses in Doha's Education City education is co-ed.

Women are allowed to run for elections. However, Qatar is still a male-dominated society when it comes to political participation. There were two female ministers in the cabinet, but both were sacked in 2009. The Minister for Communication and

Social safety nets
8

Equal opportunity
6

Information Technology, Hessa Sultan Al Jaber, is currently the only woman in cabinet.

The main factor in terms of discrimination is nationality. As part of the Qatarization process, companies operating in the country are obliged to recruit nationals to meet government goals. Due to the kafala system, there is no equal opportunity for foreigners, who cannot change employer unless they get a “no objection letter” from their current sponsor. Currently, foreigners cannot be hired without a local sponsor, whether individually or institutionally. The sponsorship system has been heavily criticized for some time and due to international pressure in light of the FIFA World Cup in 2022. Several reforms stopping short of the abolishment of the system were announced and further progress is expected in 2015.

11 | Economic Performance

Qatar has the third largest proven natural gas reserves in the world behind Russia and Iran. Economic growth is at a high of 6.5% and is expected to grow further according to the Qatar National Bank and the IMF due to investments, infrastructure projects and diversification efforts. This has enabled Qatar to once again become the richest country per capita. In 2013, the unemployment rate in Qatar shrunk further to about 0.3%, putting it in second place worldwide behind Cambodia. A small population with abundant resources enables the government to create jobs in the public sector. At the same time, the country is promoting private sector growth and opening up the economy to international companies. Moreover, in the third quarter of 2014, a record high of 50.7% of GDP was determined by the non-hydrocarbon sector, showing that Qatar is slowly moving toward economic diversification. This trend is expected to continue as a moratorium on new gas development projects is in place until at least 2015. Qatar’s budget surplus was estimated 9.9% of GDP in 2013; in January 2015, a record surplus of 100 billion Qatari Riyal (\$27.5 billion), was reported for the previous year.

Inflationary pressures are forecasted by both domestic and international agencies, as the population continues to grow due to migration for jobs created by the mammoth infrastructure projects that are underway. In 2008, a rent ceiling by the authorities eased the situation. Similar measures are necessary to mitigate Qatar’s inflationary tendencies.

Output strength
10

12 | Sustainability

There have been small improvements in the past years, but Qatar has a long way to go to achieve a sustainable environmental policy. Qatar has the second highest ecological footprint in the world, down from the global first in 2012 (which is now occupied by Kuwait), according to the World Wildlife Fund's 2014 Living Planet Report. The report states that if every country had the same footprint, 4.8 planets would be necessary to sustain life. Qatar's carbon dioxide emissions, which are the highest in the world, are mainly to blame. This is not only due to the hydrocarbon overabundance but also to the use of fossil fuels for electricity generation, water desalination and natural gas processing. Qatar is also ranked second in energy consumption per capita, trailing Iceland. As citizens enjoy free water and electricity, both are often wasted, and the low fuel prices worsen the situation. Qatar aims to reduce its carbon footprint by 2030, and plans are underway to achieve this goal. Improving the public transportation system with a state-of-the-art metro rail network is one of the related initiatives. The Ministry of Environment and Qatar Foundation initiated campaigns to raise awareness and incentivize environmental protection, for example, the Qatar Today Green Award. Measures have been taken by the government to reduce electricity and water consumption by introducing a price rate. A household energy consumption survey undertaken for the first time in January 2015 pointed at the need for more conveniently located recycle bins, among other factors contributing to the problem. A second waste management facility at the Mesaieed waste recycling plant, already the largest of its kind in the region, was opened in 2014. The plant makes waste recycling more profitable and reduces landfill waste.

However, not all measures aimed at sustainability are unproblematic. Driven by its lack of agricultural land, Qatar is among the top land grabbing countries in the world, resulting in environmental issues in these "target" countries.

Qatar aims to be a leader in higher education and scientific research both regionally and internationally and continually raises its investment in the sector to transform the resource-rich nation into a knowledge-based one. Total literacy is at 97%. In Qatar's 2014–2015 budget, \$7.2 billion was allocated to the education sector (equivalent to a whopping 12% of the budget), a 7.4% rise from the previous year. The government expects to double annual spending over the course of five years. Because of slow recruiting, however, actual scientific research spending, set at 2.8% of the budget in the last years (the highest in the GCC), is much lower than envisioned.

The current leadership has sought international assistance to formulate educational reform policies and to set up new academic institutions and research centers. One of the reforms in school education was the introduction of an independent schooling system in 2004/2005, overseen and funded by the Supreme Education Council. The new system allows independent schools to choose their own curriculum, appoint

Environmental
policy
5

Education policy /
R&D
9

teachers and set their own priorities. The aim was to combine the advantages of public and private schooling systems. Until 2011, all public schools were attached to the new independent administration scheme. Private schools play a minor role, only schooling about 4% of pupils.

The initiation of Education City was another major pioneering achievement in the education sector, mainly managed by the Qatar Foundation. Currently six U.S. universities have established campuses here: Weill Cornell Medical College, Georgetown, Northwestern, Carnegie Mellon, Texas A&M and Virginia Commonwealth, along with University College London from the U.K and HEC Paris. Some Qataris question if the standards of the foreign “branch” universities are equal to their countries of origin, and also whether the high cost of these universities is worth the price for the relatively small number of Qataris who attend them. There is also a question of whether the extensive use of English in these institutions comes at the expense of Arabic, thus producing a Western educated elite alienated from the rest of the Qatari population.

Besides the diversified university landscape, the Qatar Foundation opened the “Qatar Science and Technology Park” in July 2004, currently hosting 34 world-class companies involved in scientific research and development. The foundation has also financed the Sidra Medical and Research Center, which is due to open in 2015 and will be the country’s first academic medical center.

Transformation Management

I. Level of Difficulty

Structural constraints on governance are virtually non-existent. The rent received from hydrocarbon resources has transformed Qatar from a poor country into the richest in the world based on GDP per capita. The budget surpluses are so huge that they easily offset the extremely hot climate and lack of agricultural land, forests and water. Poverty (among citizens) and widespread pandemics are not heard of in this tiny Arab Gulf state. Moreover, the U.N. World Risk Report of 2014 identifies Qatar as the least vulnerable country to natural disasters worldwide out of 171 nations.

Structural
constraints

1

Traditions of civic engagement are underdeveloped. Qatar went from a tiny peninsula filled with small fishing villages to a highly developed state in only a few decades, all under the leadership of one family without contention from, for example, the merchant class as in Kuwait. This meant that traditions of societal negotiation could not develop over time and different strata of society did not form traditional habits of interaction apart from neo-patrimonial patronage relations common in the Gulf. Though the Qatar National Vision 2030 calls for “strong and active civil society organizations,” little has changed on the ground. The fact remains that the country’s only associations are sponsored and run by either the government or quasi-governmental organizations.

Civil society
traditions

9

Unlike the neighboring state of Bahrain, where sectarian violence and social tension exist between Sunni and Shi’a factions, Qatar’s native population is highly homogeneous and not marked by serious religious or ethnic cleavages. Though Shi’ites constitute approximately 10% of the Qatari population, they are well integrated in the society, and wealthy Shi’ite businessmen fully support the Sunni ruling family. However, as Hanbali Muslims, the general Qatari population holds some judgment of the Shi’ites.

Conflict intensity

2

The Global Peace Index 2014 ranked Qatar as the 22th most peaceful country in the world and the most peaceful in the Arab World with a consistently low score. This clearly shows that violence is not a serious issue in the country although it was rated as in high risk of small to medium deterioration, mainly because of its currently volatile relations to its neighbors and the treatment of its expatriate population.

II. Management Performance

14 | Steering Capability

Question
Score

Given the economy's reliance on the hydrocarbon sector, and the limits of those natural resources, there is a general consensus among Qatar's rulers that the country needs a long-term policy strategy. Qatar National Vision 2030 can be considered one of these long-term policy priorities. Diversification of the economy and creating a knowledge-based economy is its core aim. Qatari authorities have sought international assistance to meet these goals, notably in its reform of the educational sector and through foreign investment via sovereign wealth funds. The new Emir Tamim Al Thani further emphasizes domestic politics in favor of the previously extensive foreign policy engagement. Yet, the government's long-term strategic aims do not include a transformation towards democracy based on the rule of law.

Prioritization
5

Since the state is an absolute monarchy, the small governing body is unrestricted in implementing its policies. Tiny steps have been taken toward achieving liberalization by transforming the current system into a constitutional monarchy, but these attempts are still in the early stages and are very limited. Public opinion on controversial issues like alcohol sale has forced the government to change its policies. But in the absence of democratic institutions, the reform drivers and defenders are hard to identify, although Emir Tamim is often described as more conservative than his reformist father and predecessor. Economic aims are slowly being reached with the diversification of the economy. Non-hydrocarbon revenues accounted for slightly more than half of the GDP in 2014 – a trend likely to strengthen – and society is becoming more knowledge-based due to increased education spending. Qatarization is another key aspect of diversification and an expressed priority of the government, but results are still mixed.

Implementation
5

Most of the new reforms in the country are based on assessment and thorough consultation. Both domestic and international agencies are consulted during the policy-making process. Local elected bodies so far have limited power to make enforceable decisions, but given the current political structure, individuals can influence policy formulation and implementation.

Policy learning
5

Learning on a regional level has been said to occur with the stepping down of former Emir Hamad Al Thani and his Prime Minister and Minister of Foreign Affairs, Hamad bin Jassem Al Thani. The latter's two departments were decoupled from the current post of prime minister and are now linked to the Interior Ministry, currently occupied by Abdallah bin Nasser Al Thani. These policies are often seen as symbolic

of the defeat and failure of the grand foreign policy vision since 2011 and the retreat to domestic politics. Indeed, Qatar has since followed a much lower profile in regional and foreign policy since the leadership change, as demanded by its Gulf neighbors and international pressure. Yet the government's policy leaning is not intended to promote a democratic transformation based on the rule of law.

15 | Resource Efficiency

Qatarization plays a key role in the process of diversification in the economy and also in attempts to put Qataris into jobs based on merit rather than personal recommendations or family connections. This process, however, is just beginning. Although competitive recruitment is increasingly used, the administration and management of the economy still rely on foreign labor. The country is experiencing an infrastructural overhaul and expects to spend over \$205 billion on infrastructure between 2013 and 2018 alone. Global tenders are called to use the funds efficiently. Electronic-based systems are implemented for public administration. The debt is comparatively low for the region and budget surpluses are the norm, although occasionally there is overspending due to ambitious projects as is anticipated for 2015.

Efficient use of
assets

7

Efficiency is further boosted by the fact that the tiny state is highly centralized, as the overwhelming majority of the population lives in the capital and local government is thus of little practical importance.

Given the tiny size of the territory and the small population, Qatar's centralized structure is effective for policy implementation. Most government departments, if not all, have a functional and user-friendly electronic system in place. The government departments are well institutionalized, thus minimizing possible policy conflicts. Yet sometimes recruitment is based more on kinship than on merit.

Policy
coordination

8

Transparency and accountability continue to be problematic issues, as the state budget is not audited systematically, which makes budget planning non-transparent. On the one hand, the strong hierarchy with the emir and his office at the top makes implementation easier, but on the other hand also has detrimental effects for efficiency induced by delegation of tasks. Uncertainties and slight policy changes have stalled procedures, although this is a temporary effect.

The level of support paid to Islamist groups in Egypt, Syria and elsewhere through certain members of the royal family remains unclear; this seems to be more of an individual rather than a coordinated decision. However, a report from the British "Telegraph" in September 2014 identified the foreign ministry, the defense ministry, the country's intelligence agency, and the personal office of the emir as central actors behind the support of Islamist groups.

Qatar performs better in anti-corruption and has initiated more reforms than most of its peers in the Arab world. High and regularly increasing salaries offered in government departments combined with a moderate workload play an important role in reducing the rate of corruption. Qatar's immersion in the global economy has also forced it to adhere more rigorously to international anti-corruption standards. Article 128 of the country's constitution stipulates 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." The State Audit Bureau, established as an independent entity in 1973, scrutinizes the accounts of all ministries and their affiliated departments and bodies, alongside the accounts of public corporations, national companies and other government bodies. In November 2011, an "Administrative Control and Transparency Authority" was set up to trace power and money abuses.

Anti-corruption
policy

6

However, as a 2014 anti-corruption country report co-financed by the European Commission clearly states, while Qatar may engage in good practices, there is a lack of transparent infrastructure and a high degree of political interference. The head of the Audit Bureau is appointed by the emir and its reports are not made public. The National Committee for Accountability and Transparency (established in 2007), does not even have public information or a contact address. Laws to protect whistleblowers, anti-corruption watchdogs and non-governmental anti-corruption agencies are non-existent.

While there is a high disregard in society towards bribery-based corruption, cultural reasons preclude viewing patronage or nepotism in the shape of "wasta" – personal relations leading to personal gains – as corruption. On the contrary, social and tribal relations are an important and expected aspect of life. The ruling family is never prosecuted with the unprecedented exception of the conviction of Ali bin Jassem Al Thani and five others to six years in prison in 2013 for involuntary manslaughter in the case of the Villaggio Mall fire. However, during the appeal procedure, which still drags on, all of the convicted defendants are free and the outcome is still uncertain.

16 | Consensus-Building

Given Qatar's status as an absolute monarchy, democratization is not sought by the country's leaders and consensus is unnecessary, although consultation forms an important part of the political culture. Reforms are initiated by the ruling family, mainly in a top-down process led by the emir and some key family members. Though public discontent over the current rule is rare in the state, there has been some resistance, especially since the failure of Qatar's ambitious foreign policy and the media attention brought about by the FIFA World Cup. Also, Islamists and conservatives have criticized certain reforms, such as selling alcohol and the empowerment of women.

Consensus on goals

6

Qatar's economy is getting more and more integrated into the global economic system. The leadership is well aware that the current rentier state economy will not last forever. Thus, reforms are underway to drive the market into a more mature stage. Political leaders and the business class (in the absence of political parties and civil society organizations) support such reforms as long as they do not hurt the privileges of the citizen population.

Unlike Saudi Arabia, there is no strong local religious ulama class in Qatar with extensive political power; traditional tribalism and kinship loyalty still play an important role in society and will continue to impact the political structure and its evolution. There is also no consolidated group of reformers. A manifest by Ali Khalifa al-Kuwari called "The People Want Reform in Qatar, too", published in 2012, criticizing the lack of democratization in Qatar, has failed to garner public debate. A smooth transition to democracy is therefore unlikely, especially given the high satisfaction with the standard of living among Qataris. Any liberalization must be gradual to avoid facing too much societal resistance. Potential reformers have to find a middle ground between socially conservative (and sometimes anti-democratic) forces and those desiring more rapid reforms.

Anti-democratic
actors
3

Surrounded by countries with massive sectarian cleavages, Qatar has been able to consolidate its citizens into one group irrespective their religious orientation. Shi'a Muslims, who face persecution in Saudi Arabia and Bahrain, are well integrated into Qatar's society, as are descendants of former African slaves. The former include prominent businessmen and are avid supporters of the current ruling family. Socially- or cleavage-based conflicts are hence mostly unknown in Qatar.

Cleavage /
conflict
management
8

The only real concern is the poor treatment of foreign blue-collar workers, which has repeatedly been criticized by human rights organizations and labor unions. Since they are not regarded as a regular part of the body politic, this issue is not regarded as a societal cleavage and there are little incentives to enhance the situation of the workers.

In the absolute monarchy of Qatar, the importance given to civil society is minimal. But due to growing international pressure, Qatar has been reforming (or has promised to reform) much of its restrictions on civil society organizations. In 2012, in the wake of the COP 18 conference on climate change, Labor Minister Nasser Bin Abdullah Hamidi agreed that workers joining trade unions created by the International Trade Union Confederation (ITUC) will not be punished. This promise alone cannot be considered a game changer, but it opens the way for more reforms as the role of Qatar in the international political arena widens. However, a 2013 Civil Society survey commissioned by the Qatari National Human Rights Committee did not find evidence of any kind of official encouragement of civil society activities. On the contrary, it found cooperation and coordination between civil society organizations and government institutions lacking. Respondents most often cited the closed policy

Civil society
participation
4

process as an obstacle to their work and insufficient knowledge of the political process.

As punishment for their presumed involvement in a 1996 coup attempt, more than 5,000 members of the al-Murrah tribe were temporarily stripped off their Qatari citizenship in 2005. It was returned to all but 200, who remain stateless today. This means that they are excluded from the local labor market and are not entitled to Qatar's comprehensive social services. The government has not extended any reconciliation options to them yet. Twenty-one members of the al-Murrah who were in prison since the coup attempt were pardoned in 2010 and flown to Saudi Arabia.

Reconciliation
n/a

Apart from this, no major historical injustices have happened in the modern history of Qatar.

17 | International Cooperation

Qatar National Vision 2030 clearly outlines the aim of transforming the nation's rent-based economy to a knowledge-based one although progress in implementation has slowed down with the change in leadership in 2013. Policies and procedures have been initiated toward achieving that goal, and international assistance has been sought in order to develop the nation and prepare it for a post-oil period. For instance, since 1995 Education City has hosted an array of international top universities that have helped elevate the quality of Qatar's tertiary education. Likewise, primary and secondary schooling has been revamped with the help of international experts. Moreover, the multi-billion dollar infrastructure projects underway in the country have been awarded through international tenders, bringing renowned international companies into the country. For example, the \$434 million contract to build the new Qatar National Museum in Doha was awarded to the South Korean company Hyundai Engineering & Construction. Qatar has also embarked on an ambitious metro system for Doha and a railway system that will cover the entire country, mainly with the support of German rail company Deutsche Bahn. Siemens is currently building a light rail system in Education City that will also transport football fans to their destinations in 2022.

Effective use of
support
9

However, in terms of political development, Qatari authorities usually reject external criticism, particularly when tackling the widespread kafala system.

By serving as a broker in many regional conflicts, Qatar has risen as a credible political and military actor in the international community. However, since its newfound partisanship towards Islamist factions in the Arab upheavals since 2011, it lost its credibility as an honest mediator, along with al-Jazeera, which in 2013 actually referred to a non-existing study to prove it was still the most-watched channel in the Arab world. Al-Jazeera's connection to the royal family and its policies

Credibility
6

were made more obvious by the replacement of then director Wadah Khanfar, a Palestinian, by an Al Thani. Previously, the royal family had tried to uphold the impression of independence and objectivity. Qatar's international role has also become much more subdued since the leadership succession.

Domestic reform also did not ensue. Announcements of a long-awaited election for the advisory council were delayed for at least three years following the transfer of power from Hamad to Tamim Al Thani. Doubts about whether this parliament will ever be installed are thus not unfounded. Amid strong international criticism of Qatar's human rights record in relation to its treatment of foreign workers fueled by the upcoming FIFA World Cup in 2022, some reforms were announced in 2014 but to date have fallen short of expectations with the kafala system still in place. There is also no timeline set for implementation. Human rights groups are thus expressing growing disillusionment with Qatar's progress, which Amnesty International described in November 2014 as "woefully inadequate" and accused the country of "dragging its feet." However, the fact remains that Qatar is the only GCC country that has engaged with its critics about its labor laws and is the best candidate for any human rights reform in the region.

A founding member of the GCC, and a member of an array of international organizations, Qatar is an important partner in the Gulf region. Qatar has tried to keep or establish good relations with all countries and political groups, including the U.S., Iran, Israel, Hamas and Fatah in Palestine, and the Taliban – an array of alliances that no other Arab state can claim. Qatar exploits the North Field gas field together with Iran, which forces both countries to cooperate although conflicts over exploitation rights are not unheard of. Before the "Arab Spring," Qatar solved international disputes by hosting conferences and by acting as a mediator in conflicts in Sudan, Lebanon and Yemen, among others. Border issues with neighboring Saudi Arabia have been solved by diplomatic means. A territorial conflict with Bahrain over the Hawar Islands was solved in 2001 with the help of the International Court of Justice.

While Qatar maintained amiable relations with most of its neighbors for the better part of its existence, its perception as an honest (and financially generous) broker was shattered with its involvement in regional affairs since 2011. While at the beginning the country was applauded by the international community for supporting rebels fighting against autocratic regimes in Libya, Egypt, Syria and other countries, and it quickly overtook Saudi Arabia in its influence on regional affairs, the tables later turned. Qatar began supporting Muslim Brotherhood-linked organizations across the region similar to Turkey, with which it also developed strong relations. What at the beginning looked reasonable and insightful given the electoral victories of such groups in Tunisia, Libya and the Syrian National Council, soon turned out to have been a misjudgment in terms of the growing discredit of Islamist political actors. Even the new Libyan government, who owed their power to a high degree to Qatari efforts, accused the Gulf state of interference in its internal affairs. Allegations of

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inefficiency and inconsequence erupted when Qatar's foreign policy overstretch became increasingly obvious as, for example, money intended for Syrian rebels did not arrive at its intended recipients. The final turning point came with the abdication of former Emir Hamad in June 2013, followed only days later by the military coup in Egypt, which swept the Muslim Brotherhood-led government from power. From that point forward, Saudi Arabia again dominated regional politics and quickly took over the reins from Qatar in supporting Syrian rebels. Qatar became a pariah, especially among the other GCC states, a development culminating in the withdrawal of diplomats from Saudi Arabia, the UAE and Bahrain from Doha in March 2014. The GCC neighbors accused Qatar of interference in internal affairs, which was widely interpreted as being a punishment for Qatar's pro-Muslim Brotherhood stance. The group was declared a "terrorist organization" by Saudi Arabia and the UAE in 2014. Since then, there has been a slow rapprochement and the diplomats returned in November the same year. This was interpreted as Qatar accommodating some Saudi demands, which allegedly included the expulsion of Muslim Brotherhood members from Doha and curbing al-Jazeera's criticism of Saudi and Egyptian politics. Currently, relations are strained with Saudi Arabia, the UAE, Bahrain, Egypt, Libya, Tunisia and other countries in the region and thus the previously leading role of Qatar in organizations such as the League of Arab States has greatly diminished. A deterioration of relations with the wider international community, especially Western states, was caused by the public scrutiny of deplorable labor conditions in the Gulf state in light of the upcoming FIFA World Cup 2022 and by allegations of the funding of terrorism in the Middle East, including the Islamic State (IS) group. While these allegations are strongly disputed by Qatar and could not be proven, the image and the friendly relations of the tiny Gulf state have heavily suffered on the regional and international level. A return to Qatar's role as mediator would be beneficial, but very difficult given its tarnished image and partisanship.

Strategic Outlook

During the “Arab Spring” and its aftermath, Qatar became somewhat of a curiosity in the region: an absolute monarchy that supports revolutionary movements abroad, but experiences no civil unrest on its own soil. The reforms enacted since 2011 were initiated to improve the international image of the country, not because of domestic pressure. While supporting democracy and freedom of speech outside its borders, Qatar’s record for supporting freedom of speech domestically is practically non-existent. Elections to the advisory council, the country’s parliament envisioned by the constitution, were further delayed for a minimum of three years after Emir Tamim came to power. A democratic transition is unlikely without a well-organized domestic call for reform, and nothing of the sort currently exists. While international pressure to democratize without internal support is sure to backfire, the timing is ideal for pressure on reform of the kafala system that hitherto essentially deprives foreign workers of their human and labor rights. A withdrawal of Qatar’s hosting rights to the World Cup in 2022 would constitute a major blow for the country. It is thus likely that Qatar would try to accommodate demands that condition its hosting rights. Any meaningful move in this direction would result in a major improvement of the international image of the country.

At the same time, while Western countries support Saudi Arabia’s course in the region, they should not cast out Qatar, as it is a more credible reform and development partner than its theocratic neighbor. If Qatar introduced meaningful reforms to its kafala system, other states might be pressured into following suit. Instead of merely supporting Saudi Arabia’s leadership, steps towards regaining Qatar’s former mediator role should be applauded and supported.

On the economic front, Qatar’s National Vision 2030 clearly spells out the plan for a post-oil era: to create a knowledge-based economy, to diversify the economy to non-oil sectors, and to become a leading host nation in the world. Diversification from the dependence on hydrocarbon revenue and on foreign labor should be the first priority. It remains to be seen how much of this can be put into practice. Industry experts have already warned of a lack of competition among young Qataris when it comes to education, as highly paid government jobs are waiting for them once they graduate. If the public sector continues to offer better-paid jobs than the private sector, that could seriously harm the creation of a knowledge-based economy founded on private enterprise.

A reform of the kafala system would probably have the positive side effect of making foreign labor less economically attractive and thus would push the much-needed Qatarization further. In any case, the economic course Qatar is currently taking, consisting of the investment of enormous resources in the development of a post-oil economy as long as the oil revenue is abundant, is well advised.