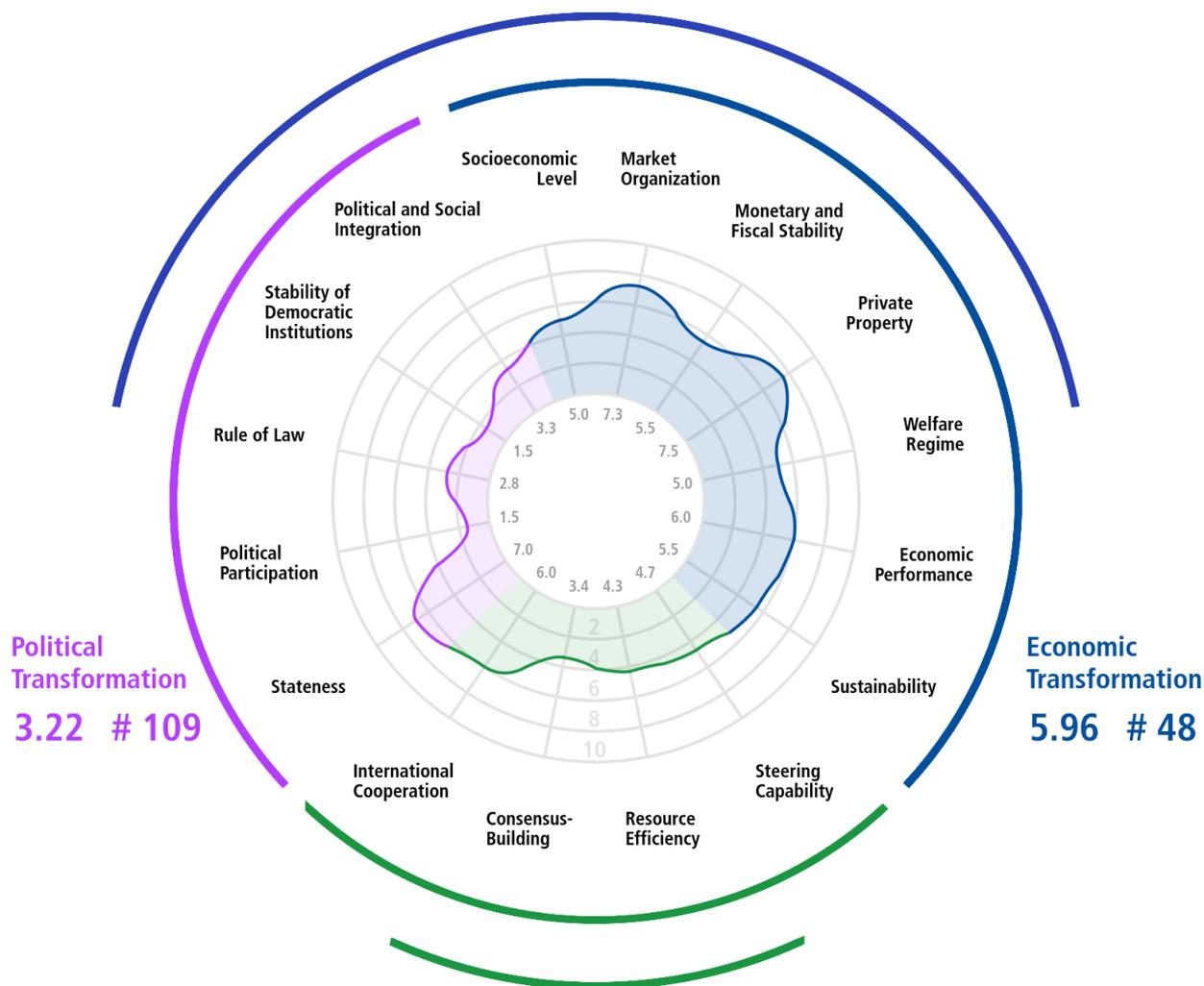


Bahrain

Status Index

4.59 # 86

on 1-10 scale out of 137



Political Transformation
3.22 # 109

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5.96 # 48

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3.99 # 95

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	1.6	HDI	0.899	GDP p.c., PPP \$	67211
Pop. growth ¹	% p.a.	0.7	HDI rank of 193	38	Gini Index	-
Life expectancy	years	81.3	UN Education Index	0.813	Poverty ³	% -
Urban population	%	90.0	Gender inequality ²	0.165	Aid per capita	\$ -

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Throughout the period under review, Bahrain's authoritarian regime continued to restrict fundamental freedoms, arrest and prosecute protesters, and surveil social media for posts critical of the government or its policies. The regime did not take any meaningful steps to achieve sustainable reconciliation with outlawed opposition groups. However, in 2024, Bahrain witnessed the largest prisoner release in more than 20 years after King Hamad pardoned more than 3,500 detainees, including hundreds of political prisoners. While this significant concession toward opposition movements and individuals indicates that the de-escalation approach advocated by the regime's reformers substantially consolidated during the review period, abuses and ill-treatment of people in police custody and in detention continued unabated. The most significant human rights-related incidents in the review period were the 2023 mass hunger strike of more than 800 inmates in Bahrain's notorious Jaw prison and the partial crackdown against those dissident voices who had mobilized for protests in solidarity with Gaza or criticized Bahrain's normalization of relations with Israel.

Relations between Bahrain and Israel deepened in the review period, as bilateral trade and security cooperation increased, and an Israeli embassy was officially inaugurated in Manama in 2023. The political rapprochement between Bahrain and its Gulf Cooperation Council (GCC) allies, on the one hand, and Iran and Qatar, on the other, made further progress and eased regional tensions. However, Israel's war on Gaza and the Israeli army's invasion of Lebanon and Syria fueled regional insecurity, which has had a significant impact on Bahrain, particularly as the Yemeni Houthi movement threatened cargo traffic in the Red Sea. The death of two Bahraini soldiers following a drone attack at the Yemen-Saudi border further demonstrated Manama's vulnerability regarding its regional alliances, as Bahrain has little room to maneuver due to its strong dependence on the foreign policy of its most important ally, Saudi Arabia.

In the meantime, Bahrain continued to strengthen economic and security cooperation with its key allies, particularly Saudi Arabia, the United States and the United Kingdom. In 2023, Bahrain and the United States signed the Comprehensive Security Integration and Prosperity Agreement (C-SIPA), aimed at enhancing cooperation in security and trade, and boosting defense integration and interoperability. While the agreement is linked to Bahrain's normalization of relations with Israel and strengthening Manama's alliance with its Western partners, construction work on a U.S.–Bahrain free trade zone in the kingdom continued during the review period. Another key development in Bahrain's relations with its main allies was the 2023 signing of a strategic investment and collaboration partnership with the United Kingdom, under which Manama pledged to invest £1 billion in the United Kingdom. In 2024, Saudi Arabia further solidified bilateral ties by announcing a \$5 billion investment in Bahrain through its public investment fund. Bahrain also strengthened its relations with regional partners, especially Singapore and Oman. While the kingdom's economic integration with Oman still lags behind its potential, Bahrain and Singapore have significantly boosted their ties in recent years, opening up new investment, trade and business opportunities for the Bahraini state and local companies.

History and Characteristics of Transformation

Since their conquest of Bahrain in 1783, the Al Khalifa family has established dynastic, absolute rule. From the outset, this led to a deeply antagonistic relationship between the Sunni ruling family and their supporters on one side, and the native Shi'a (Baharna) majority on the other. In the 20th century, conflicts between Sunni and Shi'a became more intense and found political expression either in waves of strikes and petitions (1938, 1943 and 1956) or in social unrest in the 1990s. The British played a crucial role in institutionalizing minority Sunni rule, propping up the pro-British Al Khalifa monarchy. In 1820, Bahrain became a British protectorate.

After British forces withdrew in 1971, the monarchy's dependence on external military support to protect itself from domestic unrest led to a strong alliance with both the United States and the United Kingdom. The U.S. Fifth Fleet is stationed in Bahrain, while a British naval base was established in 2016. Since 2018, the base has also hosted a naval support facility.

The monarchy's reliance on external support is reinforced by Bahrain's geopolitical location. The kingdom had a population of 1.6 million in 2023, with migrant workers making up 55% of the total. Bahrain has limited natural resources, including oil, fossil gas and aluminum. The country's only land access is via the King Fahd Causeway, which connects Bahrain to Saudi Arabia. Bahrain also shares its only significant oil field, Abu Safah, with Saudi Arabia, and the Saudi state-controlled company Aramco oversees the field's exploitation and extraction. Revenue from Bahrain's natural resources has been extensively invested in modern infrastructure and welfare programs, such as free education and health care. Nevertheless, Bahrain remains highly dependent on oil revenue, and its efforts at economic diversification have faced setbacks due to rent-seeking practices and external crises, which have undermined structural economic reforms.

The Bahraini and Saudi monarchies share an interest in Sunni hegemony in the region – this has become more pronounced since the 1979 revolution in Iran, given that country’s equally hegemonic Shi’a ambitions. Saudi Arabia has a vital interest in maintaining the status quo in Bahrain to counter Iranian influence in the region. Saudi Arabia was the driving force behind the Gulf Cooperation Council’s (GCC) 2011 military intervention in Bahrain. Saudi and Emirati forces entered the country to support the regime in dispersing pro-democracy protests and maintaining Al Khalifa rule. As tensions between the regime and the Shi’a opposition continue, Riyadh has sustained the deployment of troops in Bahrain.

In the meantime, the power struggle between Saudi Arabia and Iran has led to extensive cooperation among Bahrain, its Western allies and the GCC. Bahrain has become increasingly involved in proxy conflicts. In 2014, it joined the U.S.-led coalition against the so-called Islamic State (IS) group in Syria and Iraq. Since 2015, Bahrain has participated in the Saudi-led war in Yemen and still has troops deployed at the Saudi-Yemen border. In 2017, Bahrain joined the Saudi-launched initiative to isolate Qatar. However, tensions between Saudi Arabia and the GCC on one side, and Qatar and Iran on the other have eased significantly since 2020, leading to a substantial rapprochement between the GCC and the Qatar-Iran axis.

Bahrain’s political and economic transformation over the past 20 years is strongly linked to King Hamad bin Isa Al Khalifa, who assumed power in 1999 and swiftly introduced comprehensive political reforms, which included cautious democratization in response to the civil unrest of the 1990s. This approach was formalized through the approval of the National Action Charter in a 2001 referendum, leading to the establishment of a constitutional kingdom. The 2002 constitution reintroduced a parliamentary system for the first time since the 1970s, although the newly created National Assembly’s authority remains limited. This semi-democratic reform encompassed the legalization of political societies (de facto parties) and liberalization efforts but increasingly turned into a masquerade. Over time, public dissatisfaction grew and culminated in a mass uprising on February 14, 2011, coinciding with the 10th anniversary of the referendum. The revolt was subsequently met with the restoration of an oppressive political system and a crackdown on the Shi’a opposition, resulting in their marginalization in the political and civic sphere. Since 2020, however, political tensions have eased as the regime has adopted a de-escalation approach toward opposition.

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

Bahrain's monopoly on the use of force faces minor challenges due to recurring anti-government protests, predominantly in Shi'a-majority villages and towns. During the review period, protest intensity increased compared to previous years as families of detained political prisoners staged regular small-scale sit-ins and protests in front of governmental buildings or detention facilities, calling for their relatives to be released or for detention conditions to be improved. Additionally, regular mid-sized marches occurred across the kingdom, denouncing Israel's war on Gaza and Bahrain's normalization with Israel. Authorities continued to arrest and prosecute protesters but refrained from dispersing marches with force.

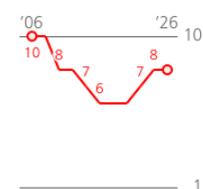
While those protests do not challenge the state itself but rather the system of government and the regime's foreign policy, a series of bomb attacks between 2013 and 2017 fueled fear about the government's ability to maintain security. No terrorist attack has occurred since, but in 2021 authorities reportedly uncovered a "terrorist cell," arresting several people. In 2024, the al-Ashtar Brigade claimed responsibility for a drone attack on Israel, but the group has remained inactive on Bahraini territory since 2017, and reportedly operates from Iran and is designated as a terrorist group by Bahrain and some of its Arab and Western allies.

Foreign military personnel remain deployed in Bahrain, including American and British troops and security forces from Saudi Arabia and the UAE. Mercenaries from Arab countries are continuously integrated into Bahrain's security apparatus, fueling significant doubts about the regime's ability to maintain control without external support.

Question
Score

Monopoly on the
use of force

8



1

Questioning the nation-state is uncommon in Bahrain, although large parts of society challenge the political order and call for the democratization of the state. The presence of two national narratives – a Sunni narrative dating back to the Al Khalifa’s conquest of Bahrain in 1783 and a Shi’ite narrative – undermines the legitimacy of the royal family, which is primarily contested within Shi’a communities. The dominant political role of the royal family and Sunni minority rule, along with political, economic and social inequality – particularly between Sunni and Shi’a communities – continue to generate significant discontent among the population.

Discourses about national identities are inconsistent, and sectarian identities do not solely reflect religious affiliations. The conflict between privileged Sunnis and marginalized Shi’a is shaped primarily by politically motivated discrimination against Shi’ites. Consequently, the royal family’s efforts to maintain its power have resulted in a controversial policy regarding citizenship and naturalization. The government encourages foreign Sunnis to immigrate and grants Bahraini citizenship to Arab nationals after 15 years of residency and to non-Arabs after 25 years of residency.

Bahrain has continued to systematically discriminate against Shi’ites in a wide range of areas, including employment, political or judicial representation, freedom of speech and expression, promotion and representation in the security apparatus and religious matters (e.g., mosque construction). During the review period, authorities accelerated their promotion of a national identity based on national loyalty, customs and heritage by launching public relations campaigns, conferences and film productions as part of the National Plan to Promote the Spirit of Belonging to the Nation. By doing so, the regime attempts to manage Bahrain’s sectarian divide without reversing the systematic marginalization of Shi’ites or social inequalities.

Nevertheless, the government used citizenship revocations against Shi’ites as a tool of repression, undermining their ties to the state, deepening rifts within society and violating international law. Since 2012, at least 990 Bahrainis have been stripped of their citizenship, the vast majority of whom are Shi’ites. The legal basis for this practice is the 2014 amendment of the 1963 Citizenship Law, which allows authorities to revoke citizenship when a person “causes harm to the interests of the kingdom or acts in a way that contravenes his duty of loyalty to it.” In practice, however, citizenship revocations predominantly have a symbolic impact as most revocations issued since 2012 were handed down by courts or the king. After King Hamad reinstated the citizenship of 700 people in 2019, about 300 people remain stateless. No citizenship revocation has been issued since.

State identity

5



Bahrain's constitution stipulates freedom of religion but declares Islam the religion of the state and Shariah as a principal source of law. Although the state does not discriminate between Sunni and Shi'a in principle (religious affiliations are not explicitly mentioned in official documents, including birth certificates), the country's society as well as the political, social and economic spheres are divided on sectarian grounds. Discrimination against Shi'ites is widespread in a broad range of political, economic and social matters. Meanwhile, religious dogmas, particularly Shariah law, play an important role in civic legal matters such as personal status and inheritance affairs. However, Bahraini courts exhibit significant flexibility in dealing with non-Muslims.

Basic infrastructure for a nationwide supply of water, sanitation and electricity is well established and covers the entire country. Access to safely managed sanitation facilities continues to slowly improve, reaching 92.2% in 2022, while 98.9% of the population had access to safely managed water sources, according to the World Bank. Administrative civil functions, such as school-level education, primary and secondary health care as well as communication infrastructure, are well developed. Bahrain holds the highest internet and social media penetration in the region and continued to upgrade its internet infrastructure and invest in digitalization. Bahrain's ranking in the U.N. E-Government Survey improved in its 2024 edition. However, villages, towns and neighborhoods in Manama, which are predominantly inhabited by Shi'ites, continue to suffer from less developed infrastructure, as do rural areas.

During the review period, the government continued to upgrade infrastructure but focused on mega projects in the transportation and real estate sector instead of addressing imbalances in basic services between urban and rural areas. As part of Bahrain's Economic Vision 2030, which aims to diversify the economy, a \$1.1 billion airport expansion project was finalized to support the growth of Bahrain's tourism industry and establish Manama as a regional logistics hub. Bahrain International Airport's cargo and passenger traffic rose significantly during the review period. Additionally, the government is building a \$2 billion metro network featuring four lines stretching over 109 kilometers. The network is expected to be operational in 2055, with two lines scheduled to open by 2027. The government also continued efforts to alleviate the housing shortage through governmental programs in partnership with the private sector and Chinese construction companies, aiming to erect 40,000 housing units. Construction of housing units advanced during the review period, particularly in Sitra and Salman City.

No interference of religious dogmas

6

'06 '26 10



1

Basic administration

9

'06 '26 10



1

2 | Political Participation

After adopting the National Action Charter in 2002, Bahrain reintroduced a formally semi-democratic system, with parliamentary and municipal elections held every four years. Every Bahraini woman and man aged 20 or older, and any citizen of GCC states who owns property or is a resident in Bahrain, is eligible to vote. However, elections are neither free nor fair, as the electoral system is deeply flawed and its legitimacy is undermined by authorities' interference in the vote. After dissolving the Islamic Action Society (Amal) in 2012, authorities outlawed the opposition parties al-Wefaq and Wa'ad in 2016 and 2017, and barred their members from competing in elections. In 2018, the king ratified an amendment to the Exercise of Political Rights Law – often referred to as the Civil and Political Isolation Law – which bans members of dissolved societies and individuals previously convicted of a prison sentence lasting six months or more from running for office.

Prior to the 2014 elections for the lower house of parliament, the Council of Representatives (Majlis al-Nuwwab, CoR), authorities reduced the number of electoral districts from five to four, further decreasing the likelihood of Shi'ite candidates winning a seat due to increased gerrymandering of districts in favor of the Sunni electorate. In 2018, authorities prevented 12 candidates from running, claiming they had been members of outlawed societies or groups, and removed thousands of names from voter lists, asserting that those affected had not participated in previous elections. This practice was upheld during the 2022 election for the three municipal councils and the CoR. Human rights groups reported that more than 20% of eligible voters had been removed from voting lists, a noticeable increase compared to 2018.

The High Election Commission, responsible for monitoring the vote, lacks independence as it operates under the authority of the minister of justice. No independent observers were allowed to monitor the 2022 ballot. Additionally, “general” polling stations unconnected to specific districts are in use, which increases the risk of manipulation. During the 2018 and 2022 elections, reports indicated further violations, including vote-buying and governmental pressure on the voting intentions of public sector workers and military personnel. The official turnout rates of 67% in 2018 and 73% in 2022 are not credible. Opposition forces claim that turnout did not exceed 30% and 35%, respectively. Prior to the 2022 elections, six opposition societies had called for a boycott. However, the 2022 CoR election featured the highest number of candidates ever, reaching 334, including 73 women, compared to 293 candidates (41 women) in 2018. Eight female members of parliament were elected in 2022, setting a new record. Political societies continue to lose ground in elections, as almost all new members of parliament are independents. Nevertheless, the Democratic Progressive Tribune, a former al-Wefaq ally, won three seats in the CoR, while the Salafist al-Asalah Society failed to win a single seat for the first time since 2002.

Free and fair elections

2

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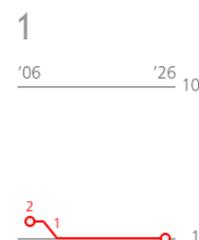
During the review period, a supplementary election for the CoR in the Muharraq district took place after the previously elected member of parliament had his seat revoked. Authorities claimed he held dual nationality and had thereby violated the electoral law.

Bahrain's legislative system consists of two chambers: the elected lower house of parliament (the Council of Representatives, CoR) and the upper house (the Consultative Council). The Consultative Council is entirely appointed by the king. Established in 1992 with advisory competences, the Consultative Council was designated as the parliamentary upper house in the 2002 constitution. The 2002 constitution also created the CoR, which is elected by popular vote. Together, the CoR and the Consultative Council, with 40 members each, form the bicameral National Assembly. However, the CoR has limited authority over legislation and governmental oversight, as both chambers can vote only on draft laws proposed by the government.

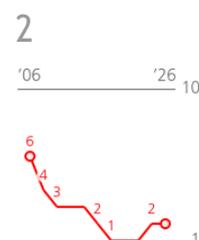
Both chambers can amend, approve or reject draft legislation and propose laws to the government, but are barred from voting on legislation drafted without the government's approval. The CoR can submit written information requests with limited accountability of the government to the cabinet and call ministers for interpellations. A 2022 decree amending the parliament's bylaws further limited the CoR's authority as initiative powers have been retracted from members of parliament, and time allocated for speeches in debates shortened. For the removal of a minister through a vote of no confidence, a two-thirds majority in the CoR is required. The chamber does not have the authority to raise the subject of confidence in the prime minister but can declare its "non-cooperation" with him by a two-thirds majority. In this case, the king has to decide if he sacks the prime minister or dissolves the CoR. Final authority regarding legislation is exclusively held by the king, who holds veto powers. The CoR is not designed to counterbalance the power of the government or the king.

Bahrain's constitution provides for the right to assemble and establish associations as long as they do not violate the official religion or public order. In practice, however, freedom of assembly and association is heavily restricted. The 1989 Law of Associations allows authorities to monitor and control NGO funding, while strictly prohibiting NGO involvement in politics. Although religious associations exist, NGOs affiliated with Shi'a clerics face governmental pressure. A 2018 law amendment, commonly known as the Civil and Political Isolation Law, bans members of outlawed parties and individuals with prison sentences exceeding six months from holding leadership positions in NGOs. Since 2020, authorities have increasingly used this law, vetoing numerous candidates in board elections of at least four NGOs, including the Bahrain Women Union and the Bahraini Society for Resisting Normalization, an organization that opposes normalizing relations with Israel. Delays in forming boards allow the government to appoint board members, raising concerns that these positions may be filled with government loyalists.

Effective power to govern



Association / assembly rights



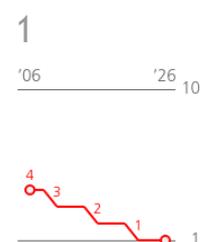
The 1973 Public Gatherings Law and its 2013 amendment prohibit public gatherings of more than five people without a permit and ban “protests, rallies, gatherings or sit-ins in Manama,” effectively turning the city into a de jure protest-free zone. Authorities continue to arrest, prosecute and sentence protesters on such charges, but increasingly refer to the Anti-Terrorism Law and its 2015 amendment in trials of people arrested during protests. During the review period, multiple small-scale protests – related to political prisoners and their detention conditions – were staged. The intensity of protests in general increased noticeably as the war in Gaza and Lebanon mobilized larger crowds for unauthorized gatherings. Although police continued to arrest and detain protesters, authorities refrained from using brutal force when handling protests.

While the labor law grants the right to strike and form trade unions, there are significant restrictions. Both collective bargaining and the establishment of trade unions are illegal in the public sector and the hydrocarbon industry. Migrant workers are banned from joining unions and barred from collective bargaining. Unions are compelled to affiliate with either the General Federation of Bahrain Trade Unions or the Bahrain Free Labour Unions Federation. Although trade unions were active civil society actors ahead of and during the 2011 uprising, they have pursued a less confrontational approach ever since due to repression and mass dismissals following the 2011 strikes. In the review period, trade unions repeatedly intervened in the dismissal of Gulf Air staff and continued to lobby for payment of overtime wages. At least one trade unionist was summoned for statements he made in public about overtime payment reforms.

Freedom of the press and scientific research and freedom of speech in word and writing are guaranteed by the constitution. Meanwhile, freedom of postal, telegraphic, telephonic and electronic communication is “safeguarded,” with confidentiality guaranteed. The censorship of communication is prohibited in principle. In reality, however, the government systematically uses vaguely worded legislation to restrict and crack down on freedom of speech and freedom of the press. During the review period, authorities continued to monitor online content and prosecute people for criticizing authorities on social media. In 2023, opposition figure Ebrahim Sherif was summoned and temporarily detained for criticizing Bahrain’s participation in U.S.-led military operations in the Red Sea in online posts, while at least four citizens were arrested after calling for reform of Bahrain’s parliamentary system. Several citizens were summoned after posting statements online about the war on Gaza or criticizing Bahrain’s normalization with Israel.

Under the Press Law, the state has the authority to prosecute anyone who criticizes or insults the king or threatens national security. The government expanded its oversight of electronic media in 2016 and, since 2019, has increasingly widened online surveillance and prosecution of free speech on social media. In early 2025, the parliament started debating a draft law aimed at amending regulations for the press

Freedom of expression



and electronic media. Among the legal changes discussed are stipulations to abolish imprisonment penalties in punitive provisions, though it remains unclear if this amendment will be ratified anytime soon. Additionally, authorities continued to tighten detention conditions for prisoners who criticized the authorities from within prisons, while a Shi'a cleric was temporarily detained after calling for the release of political prisoners.

Meanwhile, freedom of the press is significantly restricted. After authorities closed the last remaining independent newspaper in 2017 (al-Wasat), Bahrain's media is entirely composed of state-controlled or pro-regime outlets. As of December 2024, five journalists were detained in Bahrain, according to the Committee to Protect Journalists, while the 2024 prisoner release saw two detained media workers released. In 2024, Bahrain dropped two ranks in the Reporters Without Borders' Press Freedom Index, with the country now ranked 173rd out of 180 countries, while some high-level human rights defenders and dissidents remain detained on charges related to free speech.

3 | Rule of Law

Bahrain's constitution asserts that the system of government is based on a separation of legislative, executive and judicial authorities. However, in reality, there is no separation of powers. The king holds extensive legislative, executive and judicial power, and has the authority to appoint the prime minister, his deputies, judges and all members of the upper house of parliament. He is the commander in chief of the armed forces, can call a referendum, dissolve the lower house of parliament and call early elections. The king can effectively rule by decree. Parliament does not have the authority to hold the king or the prime minister accountable but does possess limited means to express its disagreement with the cabinet or question ministers. The prime minister is able to propose cabinet members; however, the king has the final say in their approval. Meanwhile, oversight bodies in Bahrain – such as the Interior Ministry's Ombudsman Office, the Special Investigations Unit and the National Institute for Human Rights – are neither independent nor able to investigate abuses of power or violations of international law by Bahraini authorities.

The judicial system in Bahrain is neither independent nor free, although the constitution stipulates otherwise. All judges, including members of the Constitutional Court, are directly appointed by the king, who also chairs the High Judicial Council. As a result, the king holds authority over administrative matters of the judiciary. Once a judge is appointed, accountability is largely limited, as the law does not provide for the impeachment of judges.

In 2017, the king ratified a constitutional amendment that grants military courts the authority to try civilians “accused of threatening the security of the state.” By doing so, the amendment further downgraded the rule of law in Bahrain, as defendants in

Separation of powers

2

'06 '26 10



Independent judiciary

2

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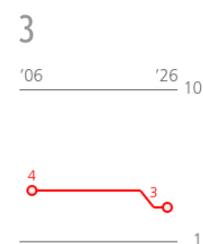
military courts have fewer guarantees for a fair trial compared to civilian courts. Both military and civilian courts regularly issue controversial sentences against journalists, human rights defenders and opposition figures, illustrating that the judiciary largely acts on behalf of the regime. Members of the royal family are also represented in the judiciary. Despite repeated court losses by officials, the royal family effectively enjoys impunity.

Transparent procedures to efficiently prosecute abuses of office are lacking in Bahrain, particularly in cases involving torture, ill-treatment and other violations by security forces. Oversight mechanisms recommended by the Bahrain Independent Commission of Inquiry (BICI) were established in 2011, including the Interior Ministry's Ombudsman Office, the Special Investigations Unit, and the Prisoners and Detainees Rights Committee. However, security officials are not held accountable for crimes or misconduct. With the exception of a few first-instance convictions of low-ranking police officials – who were later acquitted or received light sentences on appeal – these mechanisms failed to effectively investigate or prosecute abuses by security forces. Additionally, the Special Investigations Unit's 2024 annual report recorded an 87% drop in received complaints – a figure that demonstrates decreased citizen trust in the unit's performance.

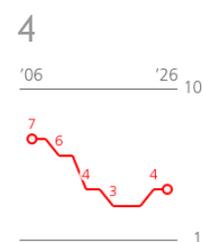
Several investigations into rights violations in Bahraini prisons have been initiated since 2021. However, oversight bodies either failed to conduct impartial and effective investigations or abstained from releasing their findings. The National Institute for Human Rights regularly inspects prisons and detention centers, but consistently denies that rights violations have occurred and supports the government's narrative on detention conditions. Authorities occasionally prosecute government employees for misuse of power; however, such investigations only affect low-level officials. In 2024, two audit officers were fined for violations, while courts handed down prison sentences and fines to several defendants in cases related to disclosing private data and accepting bribes for facilitating visas. Consequently, Bahrain's overall performance in prosecuting office abuse remains flawed, as high-ranking officials, the security services and the royal family enjoy de facto impunity.

Bahrain's constitution provides for equality of citizens, prohibits discrimination based on sex, origin, language, religion or creed, and forbids "physical or mental torture" and "undignified treatment." However, authorities systematically violate those stipulations. Torture and mistreatment in detention are widespread, while officials regularly refuse defendants or detainees access to lawyers. Despite the authorities' expanded use of the alternative penal code, the situation in detention facilities remained tense. About 800 prisoners staged an unprecedented mass hunger strike in 2023, calling for improved detention conditions. Authorities imposed punitive measures against those striking, while they also continued to arrest and prosecute children. In 2021, Human Rights Watch documented cases of abuse and torture of minors in police custody, accusing Bahrain's judiciary of enabling abuses. Dozens of children are imprisoned as of 2024, according to human rights groups.

Prosecution of office abuse



Civil rights



Women and migrant workers face de jure and de facto discrimination in political, economic and social matters. The 2009 Family Law regulated personal status matters solely in Sunni Shariah courts, leaving Shi'ite women in legal uncertainty as Shi'a courts rule on a case-by-case basis. The 2017 Personal Status Law extended its reach to include Shi'ite courts, representing a modest improvement. Nevertheless, women still face unequal treatment regarding personal status matters such as divorce or renewing IDs. A 2018 amendment to the labor law introduced a de jure improvement, as the legislation now bans discrimination based on sex, origin, language or creed, criminalizes sexual harassment in workplaces, and imposes fines for violations. Despite this reform, migrant workers still face exploitative labor conditions and discrimination in a wide array of matters, mainly due to the impact of the kafala system.

In 2023, the U.N. Committee on the Elimination of Racial Discrimination highlighted that Bahraini women married to foreigners cannot pass on their nationality to their children, making them vulnerable to statelessness. However, the committee highlighted positive law amendments between 2015 and 2021, including improvements regarding health insurance coverage and discrimination. In 2023, Bahrain abolished a law exempting rapists from punishment if they marry their victim in a landmark decision. Nevertheless, the minimum age of marriage for girls is still 16 compared with 18 for men.

Shi'ites, in particular, are subjected to state interference and face restrictions on the exercise of their religion. The government oversees religious textbooks and preaching, and monitors mosques. While there is no systematic interference at Shi'ite places of worship, authorities frequently intervene based on suspicions of political activity, arresting or summoning religious figures and restricting Ashura festivities. Since 2019, however, previously imposed restrictions on Ashura now only entail occasional removal of banners and food stands, while police closely monitor Ashura festivities. Additionally, authorities continue to ignore demands to rebuild some Shi'a mosques that were demolished in 2011 and prevent dozens of Shi'a cemeteries from obtaining legal registration. In the review period, U.N. experts continued to denounce the authorities' targeting of Shi'a on the basis of their religion.

Meanwhile, non-Muslims enjoy a relatively high degree of freedom in practicing their religion and the government permits freedom of worship. Both non-Muslim and Muslim groups are required to register with the government. There are 19 registered non-Muslim organizations in Bahrain, including Christian churches, Hindu and Sikh groups.

4 | Stability of Democratic Institutions

Bahrain is a constitutional monarchy, as stipulated in the 2002 constitution and its 2012 amendment, but the king holds absolute power. The kingdom's administrative structure consists of a central government, four governorates and 12 municipalities. However, it remains largely centralized, as neither the governorates nor the municipalities have essential autonomy from the central government. The elected lower house of parliament (CoR) and the three municipal councils representing the 12 municipalities have limited authority over the government and no power to hold the king or the prime minister accountable. Though the CoR has some power over individual ministers, its ability to perform is very limited, as the king appoints all 40 members of the upper house of parliament – the Consultative Council. Consequently, the CoR is unable to win a vote in a joint session with the Consultative Council within the National Assembly, which only convenes when a disagreement between both chambers occurs (e.g., the Consultative Council approves a law, but the CoR rejects it). Thus, draft laws can be formally sent back to the cabinet, although, in reality, the king repeatedly intervenes and demands that the government and the CoR negotiate matters. If negotiations fail, the king can rule by decree – effectively reducing the CoR to a rubber-stamp body. Despite the de-escalation of domestic conflict intensity in the review period, prospects for any future democratization of Bahrain's political system are extremely low.

The legitimacy of Bahrain's semi-democratic institutions has been substantially undermined among both the Shi'a opposition and the ruling class. The 2018 and 2022 elections illustrated that Bahrain's democratic institutions are not capable of absorbing and managing political confrontations. The crackdown on opposition forces representing the Shi'a majority, as well as liberal or left-wing strata of society, demonstrates that the regime has at least partially abandoned policies aimed at political reconciliation within the framework of the country's democratic institutions. While some political societies – including those that are banned – and civil interest groups continue to cautiously lobby for semi-democratic reforms, it remains unlikely that the regime will once again pursue an institutionalized semi-democratic opening similar to the 2000s. To the contrary, the regime under the current king has shifted its approach regarding the pacification of discontent and social conflict from the formal semi-democratic sphere to informal negotiations with interest groups.

Performance of democratic institutions

2

'06 '26 10



Commitment to democratic institutions

1

'06 '26 10



5 | Political and Social Integration

Bahraini law imposes broad restrictions on political interest groups and bans political parties. However, so-called political societies (de facto parties) are considered legal and permitted to form parliamentary blocs and campaign publicly. Electoral meetings are prohibited from being held at places of worship, universities or public institutions, and simultaneous membership in political societies and engagement in religious preaching, guidance or speech is banned by law. According to new and vaguely worded regulations issued in 2022, electoral content that “infringes on the Islamic creed or the unity of the people” and electioneering speech or activity that “infringes on public security, public morals or religious beliefs” have been outlawed. Meetings of political societies with foreign diplomats must be attended by representatives of Bahrain’s Ministry of Foreign Affairs. Political societies based on sectarian, ethnic or geographic bases are prohibited. However, religious affiliations play an important role for political societies.

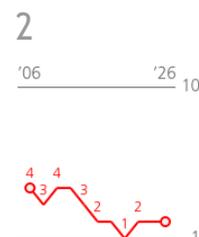
Bahrain’s party system is diverse, but the ability of parties to operate is increasingly limited as the government tightens restrictions on their activities and has banned three political societies since 2012. After dissolving the Islamic Action Society (Amal) due to alleged campaigning in a house of worship in 2012, authorities banned the largest opposition party with a predominantly Shi’ite voter base, the al-Wefaq National Islamic Society, in 2016, liquidated its assets and prosecuted party officials. In 2017, the secular National Democratic Action Society (Wa’ad), which includes Sunni and Shi’a members, was dissolved and had its assets seized on charges of supporting terrorism.

Today, the party system is largely composed of small conservative Sunni societies such as the moderate Arab-Islamic Wasat Society, the Islamic Shura Society or the National Islamic Platform Society (al-Minbar), the political arm of Bahrain’s Muslim Brotherhood. The country’s party landscape also features the nationalist National Unity Assembly, the ultra-conservative Salafist al-Asalah Society and the al-Wefaq ally Democratic Progressive Tribune. In 2023, six societies were referred to the public prosecutor for violating provisions on fundraising.

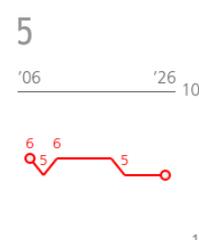
Despite authoritarian rule in Bahrain, the kingdom hosts a comparatively wide range of civil society organizations, such as charities, women’s rights groups and cultural clubs. The number of political societies (de facto parties) and trade unions is noteworthy, although the crackdown against opposition parties significantly decreased their ability to operate. Human rights groups mainly operate from abroad.

Due to its outspoken approach before and during the revolt, authorities increasingly targeted the General Federation of Bahrain Trade Unions (GFBTU), leading to the establishment of the Bahrain Free Labour Unions Federation (also called al-Hurr) in 2012. This effectively divided Bahraini workers and weakened the GFBTU, whose

Party system



Interest groups

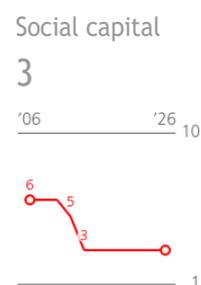


members subsequently adopted a less confrontational approach. Since 2019, however, several unions left the al-Hurr federation due to its pro-regime alignment, joined the GFBTU and thereby reinforced its power. The GFBTU’s member unions returned to a more outspoken approach during the COVID-19 crisis, persistently urging authorities to expand social safety nets and protect workers’ rights. Meanwhile, al-Hurr continues to counter its loss of local support in Bahrain by increasing cooperation and aligning positions with state-allied labor unions in other GCC states, a strategy actively supported by Bahrain’s government.

Bahrain’s Muslim Brotherhood remains a major interest group, with a political arm, the al-Minbar society and charities. Shi’a communities, however, face significant restrictions regarding the right to civic organization. Legal amendments such as the Political Isolation Law allow authorities to veto candidates in NGO board elections – provisions that have been repeatedly used against charities and women’s rights groups. Such vetoing of candidates causes significant delays in forming boards. In turn, this can silence affected NGOs, as authorities are now legally allowed to block access to bank accounts or appoint board members in case of delays in board elections. Thus, the ability of civil society groups to mediate between society and the ruling class remains seriously hindered.

Reliable data, such as opinion surveys or polling, on public approval or rejection of democratic norms and procedures are not available in Bahrain. Voter turnout in the 2018 and 2022 elections could have been an indicator of citizens’ approval of Bahrain’s semi-democratic system. However, the official turnout of 67% and 73% is not credible due to the systematic exclusion of opposition groups representing the country’s Shi’a from the formal political sphere. The banned al-Wefaq claimed that the turnout did not exceed 30% and 35%, respectively, in the 2018 and 2022 elections. The opposition’s calls to boycott both elections are another indication of a decline in popular support for the current political system. Thus, an overall assessment of society’s approval of the semi-democratic system is not feasible.

Bahrain’s society is divided along sectarian and religious lines, a division accelerated by the government’s politically motivated marginalization of Shi’ites. Sunni segments of society receive more support from authorities, while Shi’a communities and neighborhoods, which are predominantly inhabited by Shi’ites, rely more on informal and autonomous self-organization. The crackdown against the Shi’a opposition before the review period included the closure of civil society organizations such as religious charities, and the government actively undermined the operations of at least four NGOs by vetoing the election of dozens of board members. As a result, existing formal and informal non-governmental social safety nets were dismantled, increasing the need for the autonomous, self-organized sphere to fill the gap.



II. Economic Transformation

6 | Level of Socioeconomic Development

While Bahrain's natural resources provide for relatively high living standards overall, large segments of the population are fundamentally excluded from the kingdom's wealth, particularly women, Shi'ites and migrant workers. According to the Gender Inequality Index, Bahrain has seen a steady improvement over the last decade, as its score increased from 0.242 in 2012 to 0.181 in 2022. The country's Human Development Index score also rose steadily over the past decade, reaching a peak of 0.888 in 2022. In 2022, the U.N. Development Program ranked Bahrain 34th out of 193 countries, compared to 50th in 2011.

Although there is no reliable data on Bahrain's poverty rate or the extent of relative inequality, the unequal distribution of wealth remains a major concern. Significant socioeconomic barriers exist for both Shi'ites and women. Women have far less access to management positions in the public and private sectors, face wage discrimination, and are under-represented in the labor market, politics and the judiciary. About 75% of all unemployed workers are women, according to the trade unions federation (GFBTU). The government also grants Sunni Bahrainis preferential treatment in the public sector and in politics, while Shi'ites face widespread discrimination in accessing public jobs.

Economic indicators		2021	2022	2023	2024
GDP	\$ M	40840.2	46458.2	46192.3	47736.7
GDP growth	%	4.4	6.2	3.9	3.0
Inflation (CPI)	%	-0.6	3.6	0.1	0.9
Unemployment	%	1.5	1.3	1.2	1.1
Foreign direct investment	% of GDP	4.4	4.2	15.6	5.7
Export growth	%	29.5	9.2	-9.1	-
Import growth	%	15.2	11.9	2.6	-
Current account balance	\$ M	2602.4	6838.6	2699.5	2281.9

Question
Score

Socioeconomic
barriers

5



Economic indicators		2021	2022	2023	2024
Public debt	% of GDP	122.3	111.6	123.0	133.4
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	15.2	13.7	14.6	-
Public education spending	% of GDP	1.9	1.7	1.9	-
Public health spending	% of GDP	2.9	2.5	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	3.6	3.1	3.1	-

Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Bahrain has a relatively small market, with its economy largely dependent on the hydrocarbon sector. Oil revenues account for 70% to 80% of state income, depending on the annual average global fossil fuel prices. Due to this dependence, the government provides strong protections to the oil and gas sector along with other key industries, particularly aluminum. Other relevant sectors of the economy, such as finance, banking, tourism, real estate and information and communications technology (ICT), continue to attract significant foreign investment and are well regulated.

Bahrain generally seeks to attract foreign investment and allows 100% foreign ownership in various sectors. Entry and exit barriers for goods and services are low, and Bahrain has maintained a currency convertibility regime without limitations since 1973. However, the informal sector remains significant and is estimated to comprise about one-third of Bahrain's total labor force. Government figures from 2021 indicate much lower numbers of irregular foreign workers employed in Bahrain. While the vast majority of informal workers are migrants, the public sector also includes informal jobs, such as temporary contracts in nurseries and kindergartens, which lack insurance coverage due to their temporary nature.

Market organization

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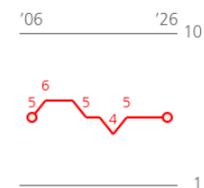
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Despite its well-regulated business environment, Bahrain lacks a comprehensive framework for competition as well as regulations to prevent monopolization and cartels. Since 2018, however, the government has increasingly addressed the absence of relevant legislation in line with the country's Economic Vision 2030, and has ratified several laws to boost foreign investment and improve the business environment. Regulations concerning competition are already included in existing laws such as the Consumer Protection Law and the Commercial Code. In 2018, the government adopted the Personal Data Protection Law (intended to facilitate data transfer across borders), the Competition Law (aimed at preventing monopolies and anti-competitive behavior) and the Bankruptcy Law (setting rules for bankruptcies in line with Chapter 11 insolvency rules in the United States). These laws do not provide for an independent competition authority. However, in 2024, the Bahrain International Commercial Court (BICC) was established by royal decree as an independent body tasked with adjudicating international commercial disputes. An additional bilateral Bahrain-Singapore treaty was signed the same year, which aimed to provide mutual recognition of such courts to address commercial dispute matters. Meanwhile, the 2021 Execution Law in Civil and Commercial Matters came into effect in 2022, providing mechanisms for the reconciliation of existing files, one regarding civil debtors and one regarding commercial entities.

Bahrain has largely liberalized its foreign trade since joining the WTO in 1995 and the GCC's Unified Customs Union in 2003 (entering into force in 2015). This union eliminated tariffs for GCC members on numerous items and lowered duties on all other goods to 5%. In 2023, the simple average most favored nation applied was 4.5% (3.9% for agricultural products and 4.6% for non-agricultural goods). Bahraini imports of goods and services were valued at \$15.5 billion in 2022 (\$2.2 billion of agricultural goods and \$13.3 billion of non-agricultural products), up from \$12.6 billion in 2021. Significant import barriers are applied to tobacco and beverages, with tariffs set at 200%. In 2021 and 2022, the UAE and Saudi Arabia were Bahrain's largest trading partners, followed by the United States, the European Union and Japan. The kingdom's trade policy features free trade agreements (FTAs) with the European Free Trade Association and Singapore, while the most significant agreement is the FTA with the United States, which entered into force in 2006 and is the framework for the establishment of a U.S. free trade zone in Bahrain (infrastructure work for phase one of the zone was completed in 2024). Since 2022, Bahrain has been in negotiations with the United Kingdom and Israel regarding free trade agreements, while bilateral trade with Israel increased significantly in the review period, reaching BHD 5 million in 2023. Noteworthy non-tariff barriers exist for animals, vegetables, food products, textiles, machinery and electronics.

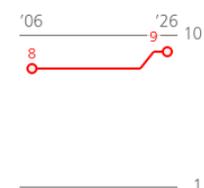
Competition policy

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Liberalization of foreign trade

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The banking sector remains a pillar of Bahrain's non-oil economy and continued to grow during the review period, while the Bahrain stock exchange's market capitalization remained strong. The country maintained its reputation as a regional hub for banking and finance, and – although the COVID-19 pandemic severely affected the sector in the short term – the industry has grown substantially since. Additionally, in line with global and domestic trends, average interest rates on personal loans, business loans, deposits and short-term treasury bills were gradually decreased in 2024 – a measure that reflects the recent drop in inflation rates.

The GCC remains Bahrain's most important geographical area for assets, liabilities and foreign currency deposits, as Saudi Arabia, the UAE and Kuwait continue to use Bahraini banks for international and regional business transactions. Additionally, Bahrain has gradually moved toward implementing Basel III standards over several years, although there have been explicit objections to applying regulations too quickly, including from the central bank regarding Islamic finance instruments.

8 | Monetary and fiscal stability

Bahrain's monetary policy is overseen by the Central Bank of Bahrain (CBB), established by royal decree in 2006 to replace the Bahrain Monetary Agency. The CBB is administratively and financially independent, according to the Financial Institutions Law, but its board of directors is entirely appointed by the king. Thus, the CBB's oversight functions over banking and financial markets are limited in terms of its independence.

Bahrain's exchange-rate policy is predictable and reliable, as the Bahraini dinar (BHD) has been officially pegged to the U.S. dollar at a fixed rate of \$1 to BHD 0.376 since 2001, after being informally pegged at the same rate since 1980. The COVID-19 crisis, however, led to an outright collapse of foreign currency reserves, temporarily threatening Bahrain's ability to sustain the currency peg. Yet successful bond sales, the overall improvement of the economic outlook since 2021 and rising world market prices for oil and gas restored monetary stability.

Bahrain's inflation rate was moderate from 2017 to 2019, but featured a deflationary trend during the COVID-19 pandemic. Mainly due to rising global prices for hydrocarbons, inflation rose sharply in 2022, prompting the CBB to begin raising key interest rates that same year. Given the low 2023 inflation of 0.1%, the CBB initiated anti-deflation measures in 2024, executing gradual interest rate cuts. Meanwhile, Bahrain's real effective exchange rate was 104.5 in 2023, down from its 2019 peak of 110.8.

Banking system

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Monetary stability

7



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The COVID-19 pandemic and its economic repercussions clearly illustrated Bahrain's exceptionally high and structural vulnerability to external shocks. The temporary but sharp drop in oil prices seriously affected fiscal stability. However, because of its geopolitical importance to its GCC allies and Western partners, Bahrain quickly secured external support that mitigated the crisis's fiscal effects. In addition, reflecting geopolitical dynamics in the region, Bahrain strengthened its economic and political ties with Singapore and China in the review period, with both countries playing an increasingly prominent role in Bahrain's trade profile.

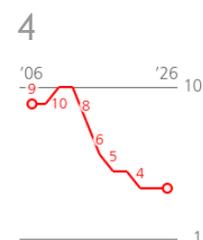
Prior to the COVID-19 pandemic, Bahrain already faced considerable macroeconomic challenges and had adopted austerity measures, such as cutting public spending to improve macroeconomic indicators and increase domestic revenues and capital inflows. While the government doubled the value-added tax (VAT) introduced in 2019 to 10% as of 2022, a \$10 billion aid package granted by Saudi Arabia, Kuwait and the UAE in 2018 supports Manama's fiscal consolidation program. In 2024, Saudi Arabia's Public Investment Fund committed to invest \$5 billion in Bahrain, partly financing the new causeway connecting the two states. Nevertheless, Bahrain implemented budget cuts in 2023 and 2024, though significant subsidy reforms are not expected to be prioritized anytime soon due to fear of social unrest.

Overall, macroeconomic indicators largely improved during the review period. Even before the COVID-19 pandemic, Bahrain's budget was under significant pressure. The deficit reached \$3.24 billion in 2020 after a shortfall of \$2.43 billion in 2018. However, following a remarkable surplus of \$6.84 billion in 2022, Bahrain's current account balance stood at \$2.7 billion in 2023, a figure comparable to 2021. Public debt increased sharply to 123.3% of GDP in 2023 from 111.1% the previous year. Given this rising debt level, the government raised the debt ceiling from BHD 13 billion to BHD 15 billion in 2020 and again to BHD 16 billion in 2023. While general government consumption expenditure stood at 17.1% of GDP in 2020 after accounting for 15.8% in 2021, Bahrain's foreign reserves increased to \$4.8 billion in 2023 (\$4.5 billion in 2022) and only \$2.2 billion in 2020. Two new bond instruments, with a total value of \$2 billion, were issued in 2024.

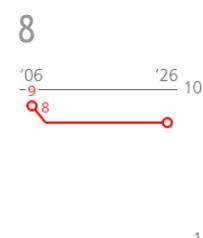
9 | Private Property

Property rights are well-regulated and clearly defined in Bahrain. GCC nationals and companies have the same ownership rights as Bahrainis and are allowed to purchase and own real estate and land without major restrictions. Non-GCC nationals may own real estate, but only in designated areas such as high-rise commercial and residential units, and property associated with tourism, banking, financial, health care or training projects. However, authority over the sale and allocation of public land rests with the king, a fact that has led to opaque procedures for privatizing public land. During the

Fiscal stability



Property rights



review period, the sale of an island on the western waterfront to the Jewish National Fund sparked strong opposition among Bahraini society to the government's normalization with Israel.

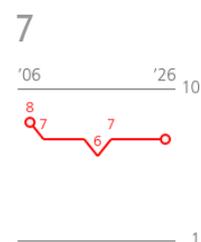
The government allows 100% foreign ownership of companies in certain sectors and permits the establishment of representative offices and local branches of foreign companies without requiring a local sponsor. Meanwhile, the kingdom increasingly promotes foreign investment in its real estate sector, which is expected to continue booming due to large offshore land-reclamation projects. Real estate exhibitions or fairs further promote the country's real estate market as an investment opportunity. During the review period, Bahrain issued 10,000 Golden Residency permits, the majority of which were allocated to property owners with assets valued at BHD 200,000 or more.

The oil and gas sector and affiliated industries are largely dominated by state-controlled companies, while joint ventures and other private investments in the petroleum sector are permitted only under production-sharing agreements with the state-controlled oil company, Bahrain Petroleum Company (BAPCO). However, sectors such as tourism, banking, finance, real estate, trade, telecommunications and health care are open to private and foreign investors. An amendment to the 2001 Commercial Companies Law has further improved the business environment in the non-oil sector and allows 100% foreign ownership in various sectors of the economy, including manufacturing, mining and water supply. In recent years, real estate has become a major driver for private investment and enterprise, and continues to grow substantially. However, a concrete shortage during the review period has fueled concerns about the long-term availability of construction materials, as concrete prices skyrocketed in 2024, threatening sustained economic growth.

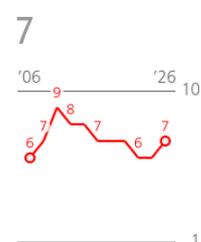
10 | Welfare Regime

Bahrain's oil revenues have enabled the state to establish a comprehensive welfare regime, which includes free education, health care and extensive subsidy schemes for fuel, food and other commodities. The kingdom's public social insurance system dates to the 1970s and covers citizens employed in Bahrain or any GCC state. It features old-age and disability pensions, death and funeral grants as well as insurance for unemployment and work injuries, though with restrictions for foreign workers. Life expectancy at birth in Bahrain was 79.2 years in 2022, having remained between 79.1 and 80.0 since 2012. Public health expenditure decreased from 3.2% of GDP in 2015 to 2.3% in 2019, but has since increased, accounting for 2.8% of GDP in 2021. In 2018, King Hamad ratified the Health Insurance Law, making it mandatory for foreign workers, visitors and tourists to enroll in insurance and pay fees according to the duration of their stay. Bahrainis and expatriate migrants working as drivers, nurses, housemaids and gardeners are covered by the state. However, reforms to the

Private enterprise



Social safety nets



public health care system's spending schemes – aimed at limiting public expenses and externalizing costs to foreigners – continue to be blamed by Bahraini labor unions for a deterioration in the quality of health care.

Since 2018, subsidies on commodities such as fuel, electricity, water and meat have been reduced as the government increasingly pursues austerity, though further subsidy cuts were postponed in 2019 due to the government's fear of socioeconomic unrest. The state continues to tackle the housing shortage in the low and middle-income segments, although governmental housing programs for low-income strata of society are far behind schedule. Meanwhile, Bahraini pension funds remain under severe pressure and are expected to be depleted in the 2030s if no considerable reform steps are taken. In 2023, the Social Insurance Organization recorded investment losses of BHD 91 million, indicating that more comprehensive reforms of the kingdom's social security system are necessary over the medium term. However, the government is taking labor union and opposition groups' demands to prioritize the employment of Bahraini nationals in the private sector seriously and continues to implement career development projects aimed at increasing employment rates for Bahraini nationals in certain economic sectors (e.g., the oil and gas industry and construction).

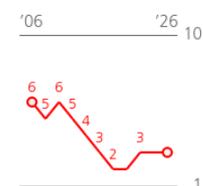
Bahrain's constitution guarantees the equality of its citizens, explicitly prohibits discrimination and stipulates that citizens are "equal in the assumption of public posts." However, women, Shi'ites and migrant workers face disadvantages regarding employment. Shi'ites continue to experience restricted access to public sector positions, predominantly occupy lower-level positions and are largely excluded from the security services. Meanwhile, women accounted for only 21.8% of the total labor force in 2023 and made up about 75% of those registered as unemployed in 2022, according to trade unions. Women remain underrepresented in management positions in both the private and public sectors, and in the media; are not adequately represented in political institutions; and hold only minor positions in the cabinet and judiciary. However, the 2018 and 2022 elections led to an increase in the representation of women in both chambers of parliament.

Overall access to education in Bahrain is well maintained. The gross enrollment ratio stood at 93.7% for primary education, 99.8% for secondary education and 72% for tertiary education, indicating nationwide coverage of the education system. Meanwhile, women are overrepresented in secondary and tertiary education as the Gender Parity Index for gross enrollment shows parity between girls and boys in primary education, a moderate advantage for girls at the secondary level, and a large advantage for girls in tertiary education. Bahrain's overall literacy rate stood at 98% in 2023, up from 91% in 2010, though a gender gap remains, with 99% literacy among men and 96% among women in 2023.

Foreign workers face considerable discrimination in Bahrain, both de facto and de jure. Under the kafala system, which requires migrant workers to have a local sponsor to handle their visa and legal affairs, migrant workers have been subjected to

Equal opportunity

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exploitation and situations that amount to forced labor, including excessive working hours, the withholding of passports and salaries, abusive recruitment fees, and being barred from collective bargaining. Migrant workers also receive considerably lower salaries than Bahrainis, despite the national minimum wage of BHD 300 per month and BHD 450 for university degree holders, and are not fully covered by the labor law’s regulations and protection schemes. Notably, migrant workers face significant barriers regarding access to public services, such as health care and accommodation.

In 2017, Bahrain introduced the “Flexi-Permit,” aiming to partially dismantle the kafala system. The scheme allows irregular migrants to formalize their status, become self-sponsored and work for multiple employers. However, this policy has triggered opposition from trade unions and state officials favoring policies that prioritize job opportunities for Bahrainis to mitigate socioeconomic tensions in the kingdom. Thus, in the review period, both the government and parliament continued to lobby for labor market reform aimed at limiting the number of foreign workers and providing more jobs for Bahrainis. In 2022 and 2023, the number of foreign workers increased considerably, triggering opposition from trade unions and political societies who highlighted shortcomings in the government’s Labor Market Plan regarding employing Bahrainis and the increasing number of unemployed Bahraini engineers.

11 | Economic Performance

The structural decline of global oil prices since 2014, the corresponding decrease in Bahrain’s oil revenues and the COVID-19 crisis significantly challenged Bahrain’s economic performance regarding key goals such as economic growth, unemployment and inflation prior to the review period. However, economic indicators have improved significantly since and the economic repercussions of the COVID-19 pandemic have eased. Bahrain continues to struggle, nevertheless, in regard to the government’s goal of substantially increasing non-oil revenues and fostering economic diversification.

However, GDP per capita reached a record high of \$63,848 in 2023, up from \$60,653 in 2022 and \$45,591 in 2016. The GDP per capita growth rate was 1.6% in 2023 after peaking at 4.3% in 2020. World Bank data shows an unemployment rate of 1.2% in 2023, which indicates a return to stable pre-COVID-19 levels following the temporary increases in 2020 and 2021. However, official unemployment data is disputed by trade unions, which claim real unemployment figures are significantly higher.

In 2023, foreign direct investment (FDI) soared to 15.8% of GDP after recording 4.5% in 2021 and 4.4% in 2022, mostly reflecting a surge in investment in real estate and infrastructure, as well as continuous and substantial capital inflows into banking and finance. Inflation stood at 0.1% in 2023 after reaching 3.6% the previous year, whereas Bahrain’s central bank had already initiated anti-deflation measures in 2024.

Output strength



The current account balance fell from the record surplus of \$6.8 billion in 2022 to \$2.7 billion in 2023. However, Bahrain maintained a largely positive balance sheet after negative figures between 2015 and 2020.

12 | Sustainability

Environmental issues such as pollution and soil contamination remain major challenges in Bahrain. The government's overall performance in implementing and harmonizing environmental policies and legal instruments remains weak. Nonetheless, the government continues to advocate for an energy transition, aiming for a 5% share of renewable energy in the total energy mix by 2025 and 10% by 2035, while reaching carbon neutrality by 2060. Several private companies already operate small solar power plants, and Bahrain inaugurated its first solar panel assembly plant in 2017. After launching several solar power plant tenders without success since 2019, in 2024, authorities signed three contracts for the construction of solar power plants, totaling 88.1 megawatts of capacity. The kingdom aims to generate 700 megawatts of solar, wind and energy-from-waste power by 2030, while its current solar energy generation stood at only 57 megawatts in 2023.

The government claims that certain policies, such as bans on specific plastic imports and the production of non-biodegradable plastic, are motivated by the 2016 Paris Climate Accord, which Bahrain has ratified. In 2021, Bahrain converted the Oil and Gas Holding Company NOGA from a fossil fuel entity into an energy company, aiming to expand the company's capacity to explore energy resources beyond fossil fuels. However, this state-driven shift toward renewable energy is primarily fiscally motivated, as authorities seek to reduce local fossil fuel consumption to boost oil and gas exports.

Meanwhile, Bahrain continues to expand land reclamation and plans to build five artificial islands as part of the government's economic recovery plan. However, previous large-scale land reclamation projects have caused extensive environmental damage, as dredging operations destroyed coral reefs and mangroves, and fueled biodiversity losses. While the number of fish species has decreased significantly, coastal fish stocks have collapsed and forced fishermen to venture farther out to sea, causing regular conflicts with neighboring Qatar, whose coast guards have detained more than 650 Bahraini fishing trawlers for encroaching into Qatar's waters over the past decade. Bahrain, nevertheless, continued to impose temporary fishing bans in the review period, particularly during fish breeding seasons, and prosecuted fishermen for violating fishing regulations.

Environmental
policy

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Bahrain's educational system is well established, and includes nationwide primary and secondary public schools, as well as private institutions, primarily in tertiary education. The literacy rate was 98% in 2023. The kingdom's public education system provides a reasonable standard of education by regional comparison, but a mediocre one by international benchmarks. Bahrain spent only 2% of GDP on education in 2022, following 2.2% in 2021 and 2.8% in 2016. However, the country has shown steady improvements in U.N. Education Index ratings over the past decade, scoring 0.819 in 2022 (up from 0.672 in 2012). Additionally, Bahrain spent 0.1% of GDP on research and development in 2014. Yet, public universities and research institutions continue to face challenges due to underfunding.

Meanwhile, large segments of society are effectively excluded from private education, which provides higher-quality tertiary education, as fees for private institutions are not affordable for vast strata of society. Discrimination against Shi'a individuals persists in terms of employment, promotion and the distribution of scholarships in public education. Moreover, Bahrain's crackdown on freedom of opinion and expression has had a significant impact on the education sector, resulting in the detention, self-censorship and termination of employment of hundreds of educators since 2011. During the review period, trade unions called on the government to halt the privatization trend in the education sector, which they consider harmful for the quality of services. In 2023, a planned change to the education curriculum was halted by the government after scholars and preachers declared their staunch opposition, stating that the changes would not be compatible with Bahrain's national and religious values. Critics claim the changes are linked to Bahrain's normalization with Israel, as religious references to Jerusalem and the al-Aqsa Mosque were to be replaced or deleted in the draft curriculum.

Education policy /
R&D

6



Governance

I. Level of Difficulty

Bahrain's structural constraints are primarily political and economic, and mostly, but not exclusively, shaped by its geographic location and natural resources. The country's colonial past has significantly influenced domestic and regional policies, particularly as the United Kingdom played a crucial role in institutionalizing minority Sunni rule in Bahrain. The Al Khalifa monarchy and its Western allies have maintained their close alliance almost uncontested until today. Additionally, the island state is heavily dependent on its GCC neighbors, particularly Saudi Arabia and the UAE. The only land access is via the King Fahd Causeway, connecting it to Saudi Arabia, with whom it shares its only significant oil field, Abu Safah. The state-controlled Saudi oil company Aramco manages the exploitation and extraction of oil at Abu Safah, further highlighting Manama's strong dependence on Riyadh.

Consequently, Bahrain is unable to pursue independent and self-determined foreign and regional policies due to Saudi Arabia's extensive interference in its internal affairs and its dependence on Saudi aid. However, the GCC's rapprochement with Iran and Qatar made substantial progress in the review period, with Qatar reportedly preparing to re-open its embassy in Manama, while Iran and Bahrain began indirect negotiations to restore diplomatic relations. On the other hand, Israel's war on Gaza and the involvement of Yemen's Houthi movement in the war exacerbated tensions in the region. In 2023, two Bahraini soldiers deployed at the Saudi-Yemen border were killed and two more injured following a drone attack, underscoring Bahrain's vulnerabilities linked to its GCC alliance.

Nevertheless, the normalization of relations with Israel continues to strengthen Bahrain's role as a proxy for Saudi Arabia and its Western allies, providing additional non-oil trade and investment opportunities for Bahrain. The kingdom's dependency on oil revenues and its rentier-state model, however, remain significant constraints on the regime's ability to maneuver and undermine economic diversification. The regime is pushing to strengthen non-oil sectors, especially tourism and real estate, but remains heavily dependent on oil revenue.

Structural
constraints

4

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Although the kingdom hosts a wide range of civil society organizations such as associations, charities, cultural clubs, unions and political societies (de facto parties), sustained civil society engagement has only been documented in a few areas. As a result, civil society traditions in Bahrain are considered mediocre by international standards. Independent trade unions trace their origins to the 1930s struggles of Bahraini workers, while religious charities and networks date back to the 19th century. However, today's civil society performance is constrained by a polarized political environment. Human rights organizations critical of the regime and banned oppositional societies primarily operate from abroad, while Bahrain's trade union sector has experienced significant upheaval since 2011.

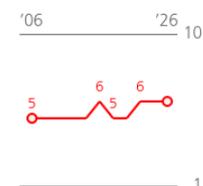
Tensions between the regime and the Shi'a opposition remain Bahrain's primary political and socioeconomic conflict. However, due to Israel's war on Gaza and Bahrain's normalization with Israel, conflict within Bahraini society regarding the government's foreign policy accelerated substantially during the review period. Several political societies and civil society groups repeatedly condemned Israel's war on Gaza, and its invasion of Lebanon and Syria, and denounced Bahrain's participation in aerial raids on Yemen, while calling on Manama to end all forms of normalization with Israel. At least six Bahraini citizens received prison sentences for participating in pro-Palestinian protests, while a Bahraini was arrested in the UAE in connection with social media posts about Israel's war on Gaza.

Meanwhile, government repression of opposition groups continued to threaten social cohesion, further polarize the political sphere, and widen rifts in society along sectarian, religious and socioeconomic cleavages. The Shi'a opposition remains marginalized in the formal political sphere, though it continues to lobby for political reform and reconciliation with the regime. Since 2018, tensions between the opposition and the regime have eased substantially – a trend that continued during the review period as the regime's reformists facilitated de-escalation, for example, through the 2024 prisoner releases, the toleration of small-scale protests and the use of the Alternative Penal Code, which reduces prison populations and restores the civic rights of former prisoners.

However, detention conditions for political prisoners remain concerning, as do repeated incidents of medical neglect – leading to the death of two prisoners in 2024 – and the 2023 mass hunger strike by about 800 inmates in Jaw prison. Although the confrontation between pro-democracy forces and the regime is not expected to result in the significant popular mobilization of regime opponents in the near future, the government's crackdown on opposition, including grossly unfair mass trials, is planting the seeds for future unrest. Meanwhile, the security apparatus – especially the National Security Agency (NSA) – continues to be accused of abuses, and violations of Bahraini and international law.

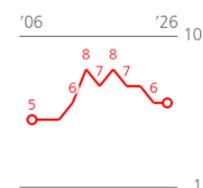
Civil society traditions

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Conflict intensity

6



II. Governance Performance

14 | Steering Capability

Bahrain's regime is generally able to set and maintain strategic priorities and long-term goals regarding political and economic development. However, the main goal of the regime's different factions is to sustain the overall status quo and, thus, the monarchy under the leadership of the Al Khalifa clan. All relevant regime factions share a core interest in maintaining their economic and political privileges, and avoiding any destabilization of the country, though they pursue this by different means. While the regime's reformers favor a less confrontational approach toward the Shi'a opposition, the hardliners reject any reconciliation and have been the main drivers of the crackdown on opposition forces since 2011. However, the death of former Prime Minister Khalifa bin Salman Al Khalifa (who held office from 1971) in 2020 effectively shifted the regime's balance of power. The appointment of Crown Prince Salman bin Hamad Al Khalifa, a leading figure among the regime's reformers and the king's son, as the new prime minister consolidated this shift, as the reformist wing now controls Bahrain's two most powerful offices. In addition, a major cabinet reshuffle in 2022 saw 17 out of 22 ministers changed, while only three members of the royal family were appointed (the fewest ever), an indication of the prime minister's increasing influence on executive power.

Meanwhile, the regime continues to prioritize and address structural fiscal and economic deficiencies. It is able to agree on economic policies considered effective in maintaining the status quo. Rent-seeking, in the form of expanding oil exports, remains the major driver for short-term economic policies, yet both regime factions agree on diversifying the economy and strengthening non-oil sectors, such as tourism and real estate. Bahrain's Economic Vision 2030, launched in 2008, remains the most comprehensive policy initiative aimed at facilitating such diversification by modernizing infrastructure and stimulating the private sector. The Bahrain International Airport expansion and the new causeway linking the kingdom to Saudi Arabia, both currently under construction, demonstrate that Bahrain's strategy of transforming the country into a logistics hub is advancing. Additionally, Bahrain has successfully established itself as a digital development leader by adopting cloud-first policies, approving cryptocurrency payment procedures and attracting fintech companies. Besides tourism, real estate and banking, logistics and digital services are expected to boost Bahrain's efforts to partially diversify its economy in the mid-term.

Question
Score

Prioritization

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Bahrain's ability to effectively implement the regime's strategic economic and fiscal priorities continues to be hampered by the kingdom's structural economic deficiencies and its vulnerability to external shocks. Since 2015, the government's spending policies have been directly affected by the decline in oil revenues. In a typical rentier-state approach, the government prioritizes sustaining the political status quo and, for this purpose, continues to co-opt large segments of society through financial means such as free public services, subsidies and public employment. However, it increasingly struggles to finance its welfare regime. The COVID-19 pandemic further accelerated this trend, increased Bahrain's dependence on aid from its GCC allies, and fueled policies aimed at expanding oil rents and revenues from oil-related industries. A \$7 billion modernization program for BAPCO's Sitra oil refinery, launched in 2018, was finalized in 2024. The refinery's output is set to increase from 267,000 barrels per day to 400,000, with 85% of the refinery's output destined for export. An LNG terminal, including an offshore floating storage unit, was completed in 2022 but so far is solely a strategic asset.

Despite such rent-seeking dynamics, however, the regime continues to push for economic diversification and the implementation of infrastructure projects considered important for boosting non-oil sectors or for reducing socioeconomic tensions by improving basic services for marginalized strata of society. Besides the Manama airport expansion project, the \$3.5 billion King Hamad Causeway, a \$2 billion metro network and the construction of a new exhibition and convention center, authorities continue to facilitate investments in real estate – such as the construction of artificial islands, the King Faisal Corniche and the Avenue-Bahrain project – to increase FDI and foster tourism, while upgrading basic infrastructure, including electricity, water and housing, to improve services for low-income strata of society. Bahrain's newly launched Industrial Sector Strategy, meanwhile, continues to promote non-oil investments in manufacturing, green technology and the aluminum downstream industry, while the U.S. free trade zone is expected to further boost non-oil businesses in the mid-term.

Bahrain's regime is neither willing nor able to adopt sustainable long-term policies that would consistently democratize the political system or comprehensively reform the rentier-state economy. The government has recently pushed for partial economic diversification and continuously claims that upgrading the non-oil sector is a priority for Bahrain's development. However, the overall rent-seeking attitude of the ruling class is not expected to translate into a serious commitment to political or economic reform. Nevertheless, authorities are considering diversification as a strategic approach to reduce dependency on external shocks – partly fueled by COVID-19 and increasing pressure from Bahrain's GCC allies to expand non-oil revenues. Meanwhile, a 2022 law amendment stipulates a gradual increase in the amounts deducted from oil revenues and allocated to the Future Generation Reserve, a fund established in 2006 and dedicated to serving future purposes, including maintaining spending leverage during economic crises. Additionally, Bahrain's regime

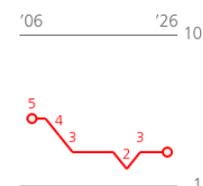
Implementation

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Policy learning

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increasingly considers policies aimed at replacing foreign workers with locals as a means to de-escalate sectarian tensions by addressing socioeconomic inequalities – an approach that balances the elites’ uncontested grip on power and the need to compromise with lower-income strata of society.

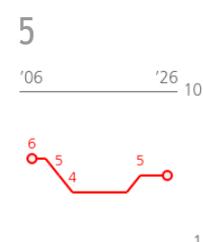
15 | Resource Efficiency

In a typical rentier-state manner, Bahrain’s state bureaucracy is inefficient and bloated, with the regime using extensive public employment as a tool to co-opt large parts of society by distributing a share of the country’s wealth to its citizens. Wages in the public sector remain relatively high compared to the private sector. However, the government is increasingly forced to limit public expenses due to the structural decline of oil revenues, the rising budget deficit and pressure from external actors such as Bahrain’s GCC allies to limit spending. Bahrain, however, successfully recovered from the COVID-19 crisis and gained leeway in fiscal and monetary matters. The current account balance remained robust after an exceptional surplus in 2023, while public debt increased to 123% of GDP, up from 111% in 2022. Total reserves stood at \$4.8 billion in 2023, up from \$4.5 billion in 2022 – a figure that indicates current budgetary stability.

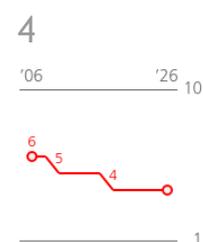
Regarding concrete measures to address the inflated public service, the government issued a directive in 2021 to stop paying overtime wages in all ministries and instead substitute overtime work with days off. To date, the early retirement program is the most significant project aimed at limiting the public wage bill, though its implementation has faced resistance from parliament and trade unions. As of 2019, more than 8,000 state employees had applied for the program, which aims to reduce the number of public sector employees to 40,000 and the number of foreign workers in the public sector. While this further illustrates the government’s determination to implement the law and decrease the wage bill, Bahrain’s budget spending remains only partially aligned with the state’s declared goal, as the wage bill is expected to drop only gradually over the coming years.

The coordination of policies and objectives within the ruling class effectively occurs behind closed doors, as regime hard-liners and reformers rarely clash in public. Policies related to state expenses for economic projects or the welfare program are largely dependent on the kingdom’s oil revenues and are more likely to be implemented without tension when oil prices are high. As oil revenues have substantially declined since 2015, conflicts over state spending priorities have increased, though they have not, and most likely will not, lead to any substantial additional division within the ruling class. The death of Bahrain’s former prime minister (a staunch regime hard-liner) in 2020 enabled an improvement in policy coordination within the regime, as the regime’s reformist wing has since gained the upper hand. The 2022 cabinet reshuffle saw 17 out of 22 ministers changed and only

Efficient use of assets



Policy coordination



three members of the royal family appointed – the fewest ever. This is the largest cabinet reshuffle in Bahrain’s history, and illustrates the crown prince’s increasing political power and paves the way for smoother policy coordination within the regime, as reformers now effectively hold all major offices.

The investigation and prosecution of matters such as embezzlement or money-laundering are not adequately executed in Bahrain. Embezzlement in the public sector remains widespread, but elites, including the royal family, enjoy de facto impunity. Although the law provides significant criminal penalties for corruption, law enforcement is weak and high-ranking officials are rarely convicted. Financial disclosure by officials is not required. Moreover, the budgets of several governmental entities (e.g., the army) are nontransparent, and procedures for the privatization of public land are opaque. The National Audit Office – responsible for monitoring and combating governmental corruption – established in 2002, has repeatedly revealed fiscal violations among state entities but lacks the power to investigate corruption and only tackles issues of secondary impact. Occasionally, low-ranking officials are arrested and prosecuted for receiving bribes; however, only a few such cases occurred during the review period.

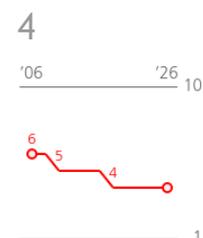
In 2020, the king signed into law an amendment to the 2001 decree that regulates the prohibition and combat of money-laundering, terrorist financing and crimes related to financial disclosure. The amendment establishes a prosecution unit, known as the Financial Crimes and Money-Laundering Prosecution Office, tasked with addressing financial crimes such as embezzlement, bribery, appropriation and squandering of public funds, and money-laundering. Additionally, the king established the Financial Disclosure Examination Authority in 2020, which receives and examines complaints. However, the body has only limited authority.

16 | Consensus-Building

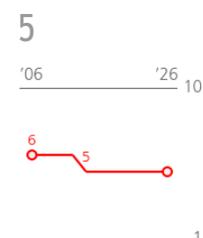
Bahrain’s regime does not intend to transform the political system toward a democratic order. The regime’s reformist wing, led by the king and crown prince, believes in the positive impact of partial democratization and liberalization of the political system to maintain social cohesion and absorb and channel tensions within the opposition. However, regime hard-liners rigidly refuse any concession that would make the political order more democratic. The death of Bahrain’s long-serving prime minister in 2020 is considered a significant setback for the hard-liners, as he was replaced by the reformist crown prince. While it remains unlikely that the regime’s reformers will initiate any significant political liberalization similar to the 2000s, the reformers’ upper hand has facilitated an ongoing, cautious de-escalation approach toward protests, trade union activities and the Shi’a opposition.

Both regime factions rhetorically agree on transforming the country into a market economy, but maintain a substantial rent-seeking attitude. The rentier-state characteristics of the kingdom, especially concerning Bahrain’s natural oil resources,

Anti-corruption policy



Consensus on goals



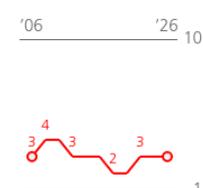
constitute a serious obstacle to any consistent transition to a market economy. However, due to the instability of oil revenues, the kingdom accelerated its attempts at economic diversification and has gradually made progress in liberalizing parts of the economy. Nonetheless, this progress is anticipated to be limited to certain sectors of the economy, particularly real estate, tourism and transportation, as the economic instability has translated into even more distinct rent-seeking.

The regime's hard-liners used their advantageous position within the ruling class until 2020 to substantially revoke achievements of the liberalization and reconciliation process introduced in 2002. However, the death of their figurehead, former Prime Minister Khalifa bin Salman Al Khalifa, in 2020 is considered a significant setback for the so-called Khawalids. Khalifa's replacement by the crown prince, the regime's leading reformist figure, translated into increasing the political influence of reformers, and the authorities' less confrontational approach toward protests and the Shi'a opposition – a trend that was further consolidated during the review period and accompanied by, for instance, Bahrain's largest prisoner release in more than 20 years. However, the reformers are unlikely to once again move toward any significant political liberalization anytime soon. Authorities continue to restrict freedom of assembly and association and maintain an overall authoritarian policy, as the Khawalids still hold substantial power, especially within the security apparatus after the arrest and investigation powers of the National Security Agency were restored in 2017, and military courts were granted jurisdiction over civilians.

Due to the post-colonial order backed by the United States and the United Kingdom that maintains Sunni minority rule to the detriment of the Shi'a majority, Bahrain's leadership is generally unable to effectively mediate in the kingdom's cleavage-based conflicts. Although Bahrain's sociopolitical polarization is widely portrayed as a sectarian and religious struggle between privileged Sunni segments of society and marginalized Shi'a, the conflict runs deeper and is shaped by the Al Khalifa monarchy's politically motivated discrimination against Shi'ites. The royal family's efforts to preserve its power include controversial policies such as revoking citizenship from Shi'ites and naturalizing Sunni immigrants, which further deepen societal rifts and exacerbate cleavage-based conflicts. However, the regime's reformist wing has taken a less confrontational approach to maintaining the current political order and, since 2020, has succeeded in visibly de-escalating tensions within society, particularly after the Khawalids lost influence within the ruling elite. The crackdown on the Shi'a opposition has continued during the review period, though to a lesser extent than before; however, significant political liberalization remains unlikely to occur in the foreseeable future.

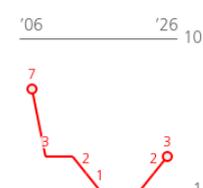
Anti-democratic actors

3



Cleavage / conflict management

3

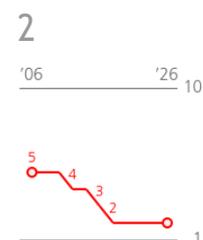


Prior to 2011, informal meetings between state officials and opposition figures were regularly held to maintain a minimum of dialogue with the kingdom's political societies (de facto parties). After the 2011 revolt, King Hamad launched the National Dialogue, an informal and temporary exchange platform involving opposition parties, NGOs and journalists, aimed at absorbing popular discontent, but major opposition forces were excluded. Today, there are no institutionalized mechanisms that include civil society organizations in political decision-making, policy formulation or performance monitoring. However, Bahrain's elected house of parliament serves as an arena for discussing political matters, though it lacks inclusivity due to the absence of major opposition currents and the close ties most members of parliament have with the ruling elite. Limited dialogue and exchange are, nevertheless, taking place between government officials, societies and trade unions.

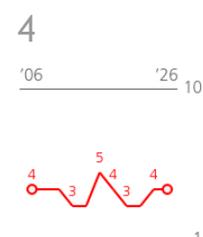
Although the death of former Prime Minister Khalifa bin Salman in 2020 allowed reformers to pursue de-escalation policies, comprehensive reconciliation with outlawed opposition forces and high-level dissidents remains stalled. However, the kingdom saw its largest prisoner release in two decades during the review period, as the king pardoned about 3,500 prisoners in 2024, including 800 political prisoners. While this mass pardon once again demonstrates the sincerity of the reformers' de-escalation approach, the crackdown on dissidents and the prosecution of free speech continued in the review period, though to a lesser extent than before. Additionally, authorities refrained from cracking down on protests and continued to use the open prison program and the alternative penalty law, a program that converts prison sentences into non-custodial sentences. However, the impact of the Bahrain Independent Commission of Inquiry (BICI), set up after the 2011 revolt, proved only transitory as the regime revoked all significant reforms implemented after the uprising. Misconduct, arbitrary actions and abuses by security officers, such as the torture and ill-treatment of civilians, are still neither investigated nor prosecuted by authorities, while prominent human rights defenders and dissidents remain imprisoned.

Meanwhile, the situation in prisons remains tense, as at least two inmates died in detention in 2024, reportedly due to medical negligence. Authorities also continued to respond to hunger strikes in prisons with punitive measures, particularly after the mass hunger strike of more than 800 inmates in Jaw prison in 2023. Additionally, the government continues to reject calls by human rights groups and U.N. bodies to abolish the death penalty. Between 2017 and 2019, six people were executed in Bahrain after authorities revoked a moratorium on the death penalty. Twenty-six people were on death row as of January 2024, having exhausted all appeals. Many of these individuals were convicted following grossly unfair trials, often based on coerced confessions. Among the foreigners sentenced to death, Bangladeshi nationals are heavily represented, as eight of 13 death sentences handed down to foreigners between 2011 and 2020 were to individuals from Bangladesh. Given the reformers' grip on power, however, it is likely that the authorities will abstain from carrying out any more executions in the near future.

Public consultation



Reconciliation



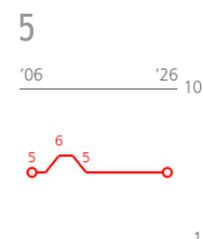
17 | International Cooperation

Bahrain's leadership is highly dependent on external support, particularly from its GCC allies and Western partners, who continue to provide the regime with financial aid, security assistance in the form of arms, equipment deliveries or capacity-building. While Bahraini security officers continue to receive training from U.S. authorities, Washington approved a \$350 million military support package in 2023 for Bahrain's army, with funds earmarked for refurbishing army helicopters, additional equipment and training. The 2023 signing of the Comprehensive Security Integration and Prosperity Agreement (C-SIPA) between the United States and Bahrain is expected to further deepen security, defense and trade relations between both states. As the agreement is also aimed at supporting the implementation of the Abraham Accords that facilitated the normalization of relations with Israel, C-SIPA will maintain Bahrain's access to general support from its Western allies.

However, rent-seeking by the ruling elite and Bahrain's rentier-state model remain major obstacles to implementing development schemes such as Economic Vision 2030, which aims to diversify the economy. Thus, support for expanding non-oil revenues and liberalizing the economy is structurally hampered by Bahrain's rentier-state model. The regime's long-term development goals are primarily rhetorical, as preserving political power remains the key objective for Bahrain's elites. Bahraini authorities, nevertheless, coordinate and exchange information on fiscal and monetary policies with international partners such as the World Bank and the IMF.

Despite a relaxation of repression against opposition forces, Bahrain's government continues to disregard guidance from U.N. bodies regarding human rights violations. Although the cabinet approved a National Human Rights Plan (2022 – 2026) in cooperation with the U.N. High Commissioner for Human Rights (OHCHR), the appointment of a permanent OHCHR representative in Manama is overdue. In 2023, authorities abruptly postponed a country visit by an OHCHR delegation that had already scheduled visits to prisons and detention facilities. No official reason was provided for the visit's cancellation; however, the mass hunger strike in Jaw prison is said to be a major factor in the decision. In the OHCHR's Universal Periodic Review procedures, Bahrain partially cooperates, but continues to deny or dilute reports on human rights violations by groups such as Amnesty International or Human Rights Watch.

Effective use of support

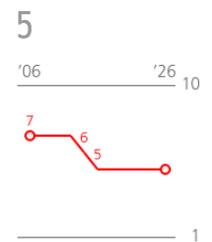


Bahrain is considered a credible partner in economic cooperation and regional alliances, especially for its GCC allies, the United States and the United Kingdom. During the review period, Manama also strengthened trade ties with Oman and Singapore, and intensified economic cooperation with China and Italy. Nevertheless, the kingdom's commitment to adequately cooperate with U.N. bodies or human rights organizations is selective and partly constrained. While Bahrain maintained collaborative ties with UNESCO and the International Organization for Migration (IOM), the government continues to firmly refuse compliance with international human rights standards and transparent cooperation with OHCHR or human rights groups. After canceling an OHCHR delegation's visit to Bahrain in 2023, authorities revoked entry visas for Human Rights Watch staff in 2024 and continued to deny or downplay credible accusations of systematic human rights abuses committed by Bahraini authorities.

While the United States continues to train Bahraini security forces and supply the kingdom's security forces with equipment, Manama and Washington signed the C-SIPA agreement in 2023 to enhance bilateral cooperation in areas such as defense, security and trade. The agreement is aimed at fostering regional security, and boosting defense integration and interoperability, also in light of Bahrain's normalization of relations with Israel. Bilateral trade and security cooperation between Israel and Bahrain additionally intensified in the review period, as Bahrain is said to have initiated talks about the purchase of Israeli surveillance technology, while bilateral trade between both states increased. Meanwhile, the kingdom remains involved in negotiations between the European Union and the GCC regarding a partnership agreement.

In 2023, Bahrain and the United Kingdom signed the Strategic Investment and Collaboration Partnership to further boost economic and political ties. While British authorities continued to fund, train and equip Bahraini security forces through the Gulf Strategic Fund, the new partnership agreement paved the way for Bahrain's pledge to invest up to £1 billion in the United Kingdom, a promise reportedly linked to the United Kingdom's removal of Bahrain from its human rights priority list. At the same time, Bahrain's funding for international sports events and investments in European sports clubs continued, despite continuous public outrage about such "sports-washing" policies. For instance, human rights organizations have criticized Formula One for overlooking human rights abuses in Bahrain over the past 20 years. Moreover, four Bahrainis were arrested for staging a protest during the 2023 F1 race, calling for the release of political prisoners. In the review period, Bahrain's sovereign wealth fund, Mumtalakat, became the McLaren Group's sole shareholder after being a shareholder of the high-end sports car manufacturer since 2007. While Bahraini businessmen continued to invest in sports clubs such as the British football team Wigan Athletic, human rights groups continued to protest the Bahraini king's attendance at the U.K. Royal Windsor Horse Show after the event's organizers were criticized for receiving funding from Bahrain's royal family in previous years. In

Credibility

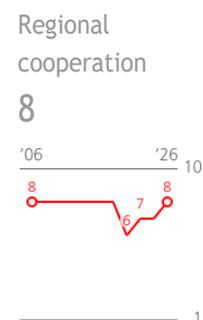


2023, British members of parliament launched a motion in the U.K. Parliament, raising strong concerns about Bahrain's sponsorship of the event due to the kingdom's human rights record. In 2024, a first-of-its-kind debate in the U.K. House of Lords was held, denouncing Manama's "sports-washing" policy.

Tensions between Saudi Arabia and Iran continue to affect alliances in the region and remain key for Bahrain's overall cooperation with neighboring states, as Manama's foreign policy remains closely tied to Riyadh's regional diplomacy. However, the ongoing rapprochement between the GCC, and Iran and Qatar during the review period has helped ease regional tensions and improved prospects for Bahrain's regional integration, both politically and economically. While Bahrain and Iran are negotiating the resumption of diplomatic relations after Tehran granted Bahrainis visa-free entry, Qatar is expected to re-open its embassy in Manama soon. Israel's invasion of Gaza, Lebanon and Syria, however, has fueled military confrontations in the region, as Yemen's Houthi movement has maintained its involvement in the war and continues to threaten regional security.

Despite the war on Gaza, Bahrain's normalization of relations with Israel has continued. After the opening of an Israeli embassy in Manama in 2023, accompanied by the Israel's minister of foreign affairs visit to Bahrain, bilateral trade increased substantially and facilitated increasing Bahraini aluminum exports to Israel. The normalization of relations between the two states also paved the way for the signing of the C-SIPA agreement with Washington, which further secured Bahrain's access to security and defense cooperation schemes with Israel and the United States.

Meanwhile, Bahrain accelerated and expanded its regional diplomacy during the review period, and intensified relations with Singapore, Oman and China. The king's 2025 state visit to Oman saw the signing of numerous agreements on economic cooperation, including a deal to eliminate double taxation. Bahrain also strengthened its ties to Singapore. Investments by Singapore-based companies in Bahrain soared in the review period and Gulf Air expanded its flight connections to Singapore. Additionally, Bahraini officials conducted multiple high-level meetings with the Chinese government. King Hamad's Beijing visit in 2023 further enhanced economic cooperation with China, as Chinese construction companies increased their footprint in Bahrain's real estate market. Manama continued to conduct military drills with regional partners such as Pakistan and maintained security-related cooperation with multiple Arab states, partly within the framework of the Arab League's Arab Interior Ministers' Council. In 2023, two Egyptian citizens disappeared in Bahrain and resurfaced in Egyptian custody, charged with terrorism-related offenses. This indicates that cooperation on extradition procedures continues to function effectively within the framework of the Arab Interior Minister's Council.



Strategic Outlook

Despite the easing of Bahrain's crackdown on opposition and social unrest, authorities failed to develop a clear roadmap for reconciliation or to revive the semi-democratic order that had previously liberalized the political sphere before the 2011 revolt. The 2024 mass prisoner release was a significant step toward further reducing conflict intensity. However, to sustainably channel and absorb political opposition, and institutionalize an inclusive political system, the government should capitalize on the reformers' consolidation of power and use this advantageous position to reintroduce competition in the country's parliamentary elections, such as by lifting restrictions on opposition forces, ending the crackdown on free speech and human rights defenders, and continuing to release political prisoners. This approach would pave the way for a partial restoration of both the parliament's legitimacy and the legitimacy of the system of government as a whole, thereby enhancing the kingdom's long-term political stability and preventing future unrest.

Meanwhile, the easing of regional tensions between Bahrain and its GCC allies, on the one hand, and Iran and Qatar, on the other, paved the way for a substantial de-escalation in Manama's immediate neighborhood. These developments could foster the further political and economic integration of Bahrain with its regional neighbors, boost regional trade and investment, and facilitate Manama's attempts to strengthen non-oil businesses. Regarding Bahrain's economic diversification efforts, regional non-oil investments are key to addressing the kingdom's dependence on hydrocarbon exports. After Bahrain successfully mitigated the repercussions of the COVID-19 crisis prior to the review period, the regime once again turned to rent-seeking to bridge financing gaps. However, the kingdom's rentier-state model is economically unsustainable, prioritizes short-term economic policies and structurally hinders any sustainable economic diversification. Accordingly, Bahrain should expand its economic diversification, continue to transform the kingdom into a regional transportation and logistics hub, and further increase trade with regional partners.

During the review period, Bahrain substantially strengthened its ties with regional partners such as Singapore and Oman. While the kingdom's economic integration with Oman still lags behind its potential, Bahrain and Singapore have significantly boosted their economic cooperation, opening new investment, trade and business opportunities for Bahraini companies. This approach to regional integration is also reflected in Bahrain's ongoing effort to turn the island into a regional logistics hub. By expanding its international airport, Manama successfully increased passenger and cargo traffic and paved the way for additional non-oil economic growth. Furthermore, the regime deepened economic cooperation with China, a development that promises to increase non-oil trade with Beijing in the future. Meanwhile, Bahrain continues to promote tourism, banking, logistics and real estate as avenues to revive its diversification efforts, but it has so far failed to comprehensively shift investment priorities to these sectors. Nevertheless, Bahrain has continued to pursue economic integration with the United States and the United Kingdom. The C-SIPA agreement with Washington and the 2023 investment partnership with the United Kingdom have strengthened Manama's economic outlook regarding trade and investment for the coming years. Meanwhile, the U.S.-Bahrain free trade zone is expected to further boost non-oil trade in the mid-term.