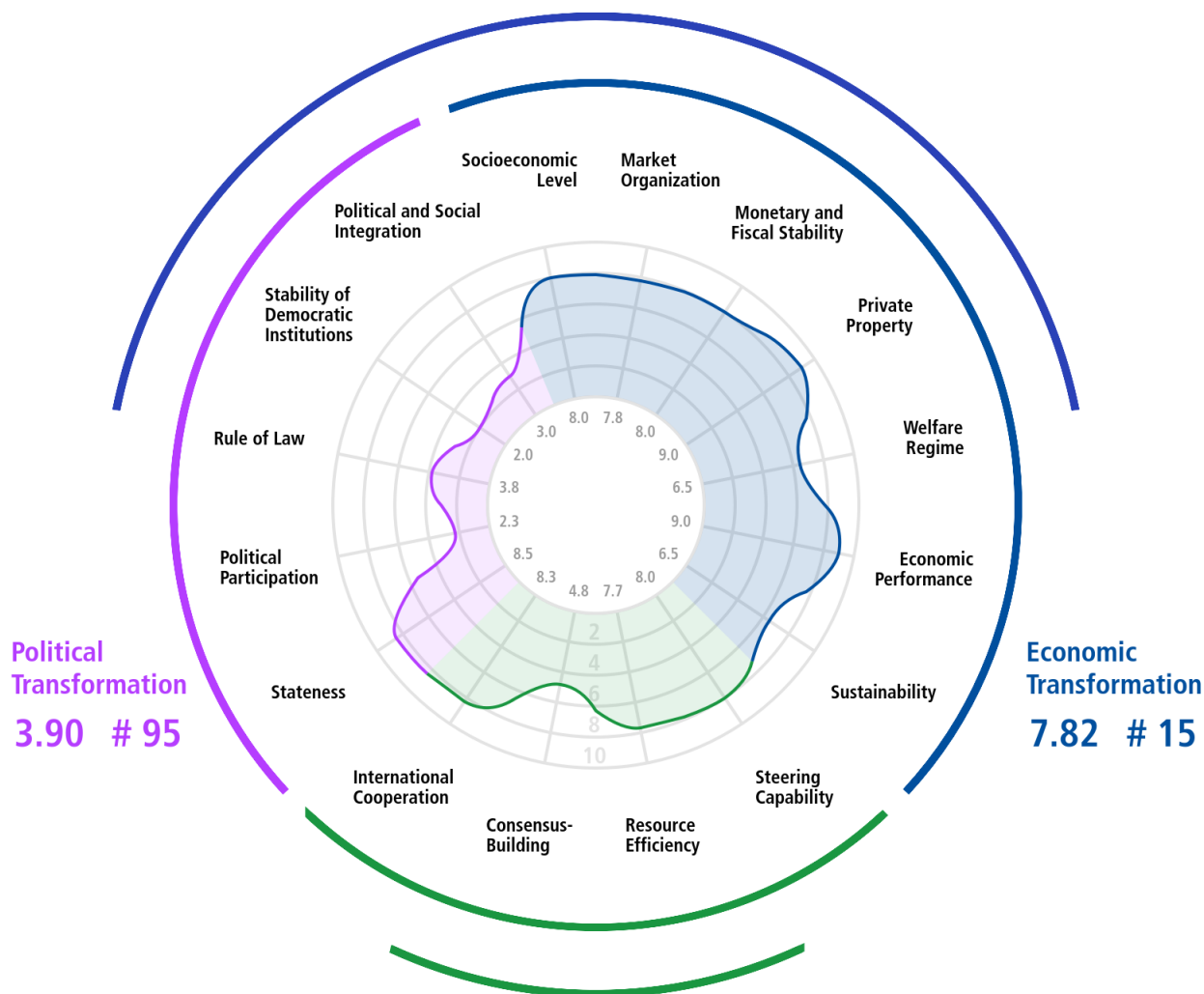


# Qatar

## Status Index

**5.86 # 58**

on 1-10 scale out of 137



**Political Transformation**  
**3.90 # 95**

**Economic Transformation**  
**7.82 # 15**

## Governance Index

**6.17 # 22**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. 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	<b>2.9</b>	HDI	<b>0.848</b>	GDP p.c., PPP \$	<b>89949</b>
Pop. growth <sup>1</sup>	% p.a.	<b>1.7</b>	HDI rank of 189	<b>45</b>	Gini Index	-
Life expectancy	years	<b>80.2</b>	UN Education Index	<b>0.659</b>	Poverty <sup>3</sup>	% -
Urban population	%	<b>99.2</b>	Gender inequality <sup>2</sup>	<b>0.185</b>	Aid per capita	\$ -

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

## Executive Summary

From February 2019 to January 2021, the Qatar diplomatic crisis and, since March 2020, the COVID-19 pandemic have dominated political and economic developments in Qatar. On June 5, 2017, Saudi Arabia, the United Arab Emirates, Bahrain, Egypt, and several other Arab countries cut all ties with Qatar, blockading their heavily import-dependent neighbor. The crisis was officially resolved on January 5, 2021, when the six Gulf Cooperation Council (GCC) members signed the al-Ula agreement. The blockade has hurt crucial Qatari businesses and forced international companies to divest from the emirate. However, Qatar has weathered this political and economic crisis surprisingly well and shown resilience and a steep learning curve. Due to the blockade, Qatar intensified efforts to diversify the economy and foster greater self-sufficiency. It significantly elevated and strengthened economic relations with the non-Arab economies in the MENA region. Despite the embargo by its neighbors, the economy produced budget surpluses in 2018 and 2019 before it was hit by the COVID-19 pandemic in 2020. While relations are slowly normalizing with the neighbors, it is likely that tensions will linger. Intensified ties with Turkey, Iran and Asian countries, fostered during the blockade, will probably persist. Since the embargo was lifted without any apparent concessions by Qatar to the 13 demands from the boycotting states, its position vis-à-vis its neighbors was further strengthened, with implications for recalibration of future relations among GCC members.

In the meantime, Qatar pursued autonomy and diversification of its trading partners for food, water, capital goods and hydrocarbon exports, outlined in its National Development Strategy (NDS) for 2018 to 2022. Measures introduced in 2019 and 2020 include the introduction of new ownership and public-private partnership (PPP) laws that allow up to 100% foreign investment in businesses and encourage PPP projects in Qatar. Qatar withdrew from OPEC in January 2019 to prioritize liquefied natural gas (LNG) production and non-oil revenues (as well as for political reasons). There has been yet no talk of rejoining the organization since the GCC rapprochement. Self-reliance in food production has also been pursued, with the dairy industry not just meeting domestic demand but even producing exports since 2019.

In preparation for the 2022 FIFA World Cup, Qatar has already built a network of roads, railways, an underground metro and a light rail line. While peak construction is over, the pandemic necessitated a spending surge on health care and the economy, resulting in unexpected budget deficits in 2020 and 2021. Such initiatives demonstrate Qatar's commitment to economic and social modernization and the strategic goals spelled out in its National Vision 2030. However, due to reprioritization in the wake of the blockade and the pandemic, there have also been some setbacks. While the education system is still well-resourced, relative stagnation caused other countries, including GCC neighbors, to overtake Qatar in international rankings. Environment and sustainability goals also took a backseat to fortification of the economy. The pandemic also allowed Emir Tamim to again postpone the introduction of the VAT initially planned for 2018 by the GCC.

The increased popularity of Emir Tamim caused by the blockade has diminished pressure on the regime to hold meaningful parliamentary elections. Originally scheduled for 2004, parliamentary elections have been repeatedly postponed. It is uncertain whether elections will be held in 2021. Elections to the Central Municipal Council (CMC) have been held every four years since 1999, the latest time in 2019.

Emir Tamim has maintained most of his father's policies but has also implemented meaningful reforms. A constant domestic theme provoking international outrage is the treatment of foreign workers under the kafala system. Foreigners make up more than 88% of the country's population. Still, they are excluded, as in other Arab Gulf states, from the wide range of benefits that citizens enjoy, such as free health care, education, water and electricity. Low and semi-skilled workers are highly dependent on their Qatari employers. Often, this results in rights abuses and conditions often described as "modern-day slavery" by human rights organizations. In the aftermath of the 2022 FIFA World Cup award, Qatar's treatment of its foreign labor force has been in the international spotlight. In response, Qatar has been making improvements in the regulatory framework, the labor reforms initiated in September 2020 being the most substantive so far, in that foreign workers no longer need the current employer's permission to change jobs. This abrogation of the restriction on foreign workers' mobility amounts to a breakthrough. Although there is still a long way to go, the kafala system has been largely dismantled.

Like most countries, Qatar was affected by the COVID-19 pandemic. The government acted swiftly by imposing containment policies, enforcing widespread testing and tracking, and introducing an economic stimulus package of QAR 75 billion. The government's swift response, combined with Qatar's excellent health care system, very young population (with only 1% of residents over 65) and the absence of nursing homes for the elderly, helped contain the impact of the pandemic on public health and the economy. Although it had an infection rate comparable to many European countries, only 248 deaths were officially recorded as of January 31, 2021. In addition, economic activity was resumed with minimal restrictions in September 2020.

## History and Characteristics of Transformation

Before oil was discovered in 1939, Qatar consisted of little more than a few villages on the shoreline, economically dependent on pearl fishing and nomadic cattle-breeding tribes. Under British rule as a “protected state,” the first political institutions and infrastructure were developed, literally fueled by hydrocarbon revenue. After the British withdrawal, Qatar declared its independence on September 1, 1971. The current emir, Tamim bin Hamad Al Thani (Sheikh Tamim), succeeded his father Hamad (officially designated as Father Emir) who voluntarily transferred power on June 25, 2013.

Compared to his predecessors, Emir Hamad was more committed to a socially open society and the development of the country and played an important role in shaping its current form. Immediately after taking office in 1995, Hamad introduced a series of reforms that have had a lasting impact, not only on the economic and political system of Qatar but also on society in general. As a result, Qatar has been put firmly on the political map, and its capital, Doha, has become a household name globally. Hamad introduced local elections and a constitution, developed infrastructure, and invested heavily in health care and education. He abolished the Ministry of Information and created the al-Jazeera Satellite Channel network in 1996, which has since revolutionized mass media in the Arab world and propelled the country onto the international scene.

Qatar’s first-ever local elections took place in 1999. The Central Municipal Council (CMC) brought novel concepts and practices to Qatar despite its conservative nature and limited powers. In a groundbreaking move – not only for Qatar but for the whole male-dominated Gulf region – women were allowed not just to vote but to stand for election, resulting in the election of the first female council member in 2003. That same year, Qatar’s permanent constitution was adopted in a public referendum in April 2003 with 96.6%. While it stipulates that Qatar’s rulers should be from the Al Thani family and the position of the emir is not to be contested, it nonetheless officially grants fundamental rights to citizens. Also, the constitution lays the groundwork for an – albeit underdeveloped – system of power-sharing between the three traditional branches of government. Significantly, however, it calls for the creation of a partially elected parliament to replace two-thirds of the appointed members of the current Advisory Council (Majlis al-Shura). Yet, elections were postponed multiple times, with the most recent postponement until October 2021.

Extensive economic development in the wake of the hydrocarbon boom required an ever-rising import of foreign laborers. Natural resources combined with the kafala system that governed the employment of foreign labor transformed Qatari nationals (about 12% of the total population) into a highly prosperous and privileged minority. The acknowledged challenge is to transform this primarily rent-based economy into a knowledge-based one and “Qatarize” the workforce. Doha is aspiring to be recognized as an economic and financial hub.

The country's transformation in recent years has revealed the dualism at play. The pace of reform has been too slow for some, especially among international observers, as Qatar remains a tribal society with an autocratic regime. But conservative elements see change as moving too fast and posing a threat to the traditional and Islamic character of Qatari society.

Since Sheikh Hamad's ascension to the throne in 1995, Qatar has positioned itself as a key power broker in the region. Backed by its financial muscle, it successfully contributed to the resolution of many regional conflicts and developed strong ties with both regional and international players. However, Qatar's bias toward – mainly Islamist – opposition actors and rebels in various Arab countries in the wake of the “Arab Spring” tarnished its image as an honest broker and led to increasing international and regional criticism and pressure to change course. Saudi Arabia and the UAE, in particular, felt threatened by Qatar's growing regional and international profile, resulting in a comprehensive blockade of Qatar by Saudi Arabia, the UAE, Bahrain and Egypt beginning on June 5, 2017. Apart from economic difficulties that made Qatar's economy more resilient than it was previously, the blockade also fostered the development of a national identity.

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

The state has complete control over its territory and total monopoly on the use of force through its security forces: police, military and intelligence services. These units are under the direct control of either the Ministry of Interior or the Ministry of Defense. Dissident groups that pose a serious challenge to the authorities do not exist. Succession, a sensitive issue in many neighboring monarchies, is not contentious for the foreseeable future.

Given the small population of native Qataris, who represent about 12% of Qatar's total population of about 2.7 million, the country's extensive wealth and the role of the state in distributing this wealth to their national population, the issue of citizenship is paramount. As a highly privileged but tiny minority in their own country, defining who is or can become a Qatari carries significant political and economic implications. Even though a legal procedure for naturalization exists since 2005, allowing for the provision of Qatari citizenship to an annual maximum of 50 foreigners, naturalization is mainly based on patrilineal jus sanguinis, making it almost impossible to gain the Qatari citizenship for anyone with a non-Qatari father. There are layers of citizenship. Not all citizens, including native-born, have equal socioeconomic entitlements. Naturalized Qatari citizens (e.g., foreign-born athletes) do not automatically get access to the same range of benefits as native-born nationals.

Over the last few years, the government has undertaken large-scale concerted measures to promote a distinct "Qatari heritage" including numerous "heritage festivals," "heritage villages," and the ambitious new Qatar National Museum that opened in March 2019. Due to the external pressure of the blockade since June 2017, processes of nation-building, which in the past appeared to comprise largely of top-down initiatives, seem to have catalyzed into something more organic. Qatari citizens have started to develop a national identity and exhibit unprecedented levels of public support and admiration for the monarch. Still, Qatari national identity may not trump other forms of sub-identity, especially tribal identity (yet).

Question  
Score

Monopoly on the  
use of force

10



State identity

8



Religion is an essential part of Qatari identity. The official religion in Qatar as per Article 1 of the constitution is (Sunni) Islam. The legal system incorporates secular as well as Shariah law. Although several other faiths (e.g., Christianity, Buddhism and Hinduism) also exist and practice in Qatar, only the Abrahamic faiths are recognized by the government. The emir participates in religious events but does not hold any official religious function.

Although the constitution protects freedom of worship and prohibits discrimination on religious grounds, some restrictions persist. “Apostasy” from Islam is considered a capital offense and proselytizing by non-Muslims is illegal. Although there are some reports of religious discrimination and censorship on religious grounds, religious tolerance is supported by the government. Doha has been hosting annual inter-faith conferences since 2003, including Muslim, Christian and Jewish participants. Despite initial resistance, the Jewish presence was later accepted. In an interview in December 2019, country officials welcomed Israelis to attend the 2022 FIFA World Cup.

From time to time, some controversies surrounding Islamic orthopraxy such as the prohibition of alcohol emerge. Societal pressure has led the government to ban alcohol in some places (e.g., in the recently built Pearl district). This is, however, more strongly linked to the question of state identity and tradition than to encroachment of religion into the political sphere. The ‘ulama (religious scholars) play no political role.

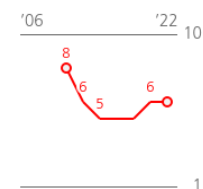
Basic administration works effectively, is very well developed and, except for the judicial system, compares favorably to many developed countries. Whatever is needed for the functioning of a good administration, such as courts, tax collection and local authorities, is in place and implemented in Qatar. Water and sanitation are practically ubiquitous. The high urbanization rate of over 99% eases the administrative reach. E-government is omnipresent and expanding, and online services are widely used. Qatari citizens and residents can access many government services online or via mobile phone applications (e.g., there is an SMS reminder option for court hearings). The system is effective and updated on a regular basis, and a 2018 study by Qatar University’s Social and Economic Survey Research Institute (SESRI) found that overall levels of satisfaction among Qatari nationals and foreigners with public administration was high, although there was significant variation between different demographic groups.

In preparation for the 2022 FIFA World Cup, Qatar has already built a network of roads, railways, an underground metro and a light rail line.

However, the observed efficiency in most government administrative functions is not reflected in the judicial system. Migrants do not have the same level of access to the state’s bureaucracy, especially regarding addressing grievances. Human rights organizations have criticized the inefficiency and unfairness of the judicial system, particularly in relation to disputes between natives and foreigners, and they have called for revamping the system.

No interference of religious dogmas

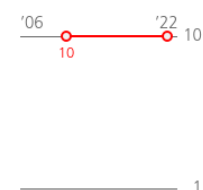
6



1

Basic administration

10



1



In contrast, the government's response to COVID-19 has barely distinguished between citizen and resident as health care services including testing have been made available for all. Vaccination, begun in December 2020, is also supposed to be free of charge to both citizens and residents. The pandemic has not significantly hampered the basic infrastructure.

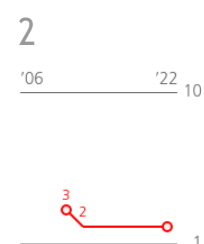
## 2 | Political Participation

Qatar's parliament, the Majlis al-Shura (Advisory Council), which has the power to propose legislation and review the budget and to oversee the Council of Ministers, consists of 45 members: two-thirds of whom are supposed to be directly elected by universal suffrage and the remaining third to be directly appointed by the emir. Currently, all members are appointed. While elections for the parliament were originally planned for 2004, they have been repeatedly postponed, most recently to October 2021. It remains doubtful if they will be held at all. In November 2017, the emir renewed the membership of some members of the Advisory Council and appointed 28 new members, including for the first time four women.

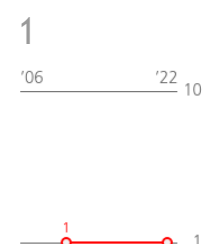
The situation is somewhat different on the local level. Qataris have elected members to the 29-member Central Municipal Council (CMC) since 1999 every four years, most recently on April 16, 2019. According to official numbers, the turnout was 9% lower than in 2015 when a record turnout of 70% of registered voters was recorded. In total terms, the 2019 turnout of 13,334 voters translates to roughly one-thirteenth of the adult Qatari population only. However, this might not necessarily signify a lack of interest in politics or democracy but of trust in the government and the emir. In the elections, many familiar and traditional members with strong tribal ties (including the chairman) were replaced by young, relatively unknown candidates. According to a SESRI poll, the main reasons for not voting were time constraints, the CMC's lack of authority, as well as the absence of appealing candidates. However, nearly 10% generally do not believe in voting as a process and, in the same poll, 45% of the respondents reported being "very interested" in voting in the Shura council elections although only a quarter said that they prefer the Shura council be elected instead of appointed.

Qatar is a hereditary monarchy (despite Article 1 of the constitution proclaiming the political system to be democratic). The constitution also stipulates that the Al Thani family rules the country. Despite the autocratic nature of the system, there is no clear and serious opposition to the rule of the Al Thani family, and most of the population seems to be content with the country's achievements. Some criticism has been directed at Qatari regional policies since the Arab Spring, but the transfer of power to Emir Tamim dampened Qatari foreign policy activism and likely precluded an emerging opposition. Instead, the population has rallied behind its ruler after the outbreak of the crisis between Qatar and Qatar's neighboring Gulf

Free and fair elections



Effective power to govern



monarchies and interest in democratic elections is limited. In any case, the fact that all power is concentrated in the hands of the emir and his family, and that there are no other serious players – either in the military or the political sphere – that can legitimately challenge his power, has helped to strengthen the stability of the political system.

Freedom of association and of assembly are very limited. Qataris are nominally allowed to organize demonstrations, marches and public gatherings, but holding such demonstrations requires government approval – usually a permit from the Ministry of Interior. Such provisions make it difficult to demonstrate against the government or its interests. Furthermore, freedom of association and assembly are impeded by the simple fact that both political parties and labor unions are prohibited in Qatar. The only operational trade union is the General Union of Workers of Qatar, which, however, excludes 99% of the total workforce in the country (non-citizens and public sector employees), rendering it irrelevant. COVID-19 measures limiting assembly were similar to those in other countries and have eased since the summer period. In May 2020, the use of Qatar’s contact-tracing app Ehteraz became mandatory, with non-compliance resulting in a fine of \$55,000 or three years in prison. Officials assure the population that personal data will only be stored for two months and only be accessible to health officials. A security weakness exposed by Amnesty International was quickly fixed although doubts still remain.

Religious groups – given the high percentage of foreigners in the country – can freely meet and worship (although not proselytize) if they belong to a recognized faith when not influenced by COVID-19 restrictions. Non-recognized faiths (i.e., non-Abrahamic religions) are allowed to worship in private.

Internationally, Qatar boasts a relatively free press, particularly embodied by al-Jazeera, the powerful network established in 1996 by the former emir. However, observers have long noted that the network is much more restrained in reporting on Qatar than it is on events abroad and that its reporting mostly aligned with Qatari foreign policy.

The local media is less independent, though. The conservative nature of Qatari society, the small size of the national population and the autocratic nature of the government have resulted in a high level of self-censorship among journalists and editors. Political issues are rarely discussed in Qatari media, the topics cluster around cultural or local issues. The country ranks 129th out of 180 countries in the 2020 Index for Media Freedom by Reporters Without Borders, continuing a downward trend since 2013, although its overall score remained the same as in 2019. Doha Center for Media Freedom, a non-profit organization focused on freedom of media and expression (abroad) was shut down in April 2019 after 11 years of operation. Doha News, a major local Anglophone news website, was blocked by the government in December 2016 for “licensing issues” but is

Association /  
assembly rights

2

'06 '22 10



Freedom of  
expression

4

'06 '22 10



operating again after a change of ownership and editorial direction. The increase of the maximum penalty for “false news” to five years in prison, announced in January 2020, restricts media freedom further. However, some previous red lines (e.g., criticism directed at the policies of GCC neighbors) dissipated due to the break in inter-GCC relations in summer 2017.

### 3 | Rule of Law

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

The pandemic did not exacerbate this situation, but also did nothing to improve it. The emergency response was quick, but so were the normalization measures implemented in the summer after the infection rate abated.

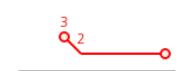
Several articles of Qatar’s constitution (Articles 129, 130, 131 and 134) provide for the independence of judges and the judiciary. However, the fact that these judges are appointed by the emir, upon the recommendation of the Supreme Judiciary Council, for three-year indefinitely renewable terms, impedes their independence. They are particularly dependent on the government as most of them are foreign nationals. Shariah courts also exist and deal with matters of personal status, such as divorce for Muslims. A constitutional court was established in 2007 but is still not operational.

In an unprecedented verdict in 2013, five high-ranking bureaucrats and businessmen, including one member of the Al Thani family (and Qatar’s ambassador to Belgium) and others from influential families, were handed a sentence of five to six years in prison for involuntary manslaughter in the aftermath of a fire in a Doha mall that killed 19 people in 2012, among them 13 children. However, the sentence was thrown out by a judge in the Court of Appeal in 2015, dampening initial hopes of burgeoning judicial independence.

Separation of powers

2

'06 '22 10



Independent judiciary

3

'06 '22 10



Article 128 of the constitution stipulates that “ministers shall not use their official posts in any way for their own interests or for the interests of whom they have special relations.” However, it is highly questionable that high-ranking officials fear legal action in cases of corruption or abuse of power. Many top officials have financial interests and shares in businesses inside and outside the country. When legal action against alleged corruption is initiated, the motivations are likely political.

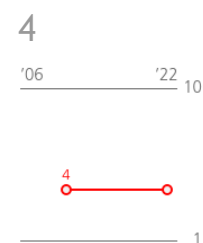
Some high-profile corruption cases have emerged, nonetheless. Some Qatari and non-Qatari officials of Qatar Foundation (QF) were caught red-handed, prosecuted, and sentenced to five years in jail and QAR 3 million (\$823,916) fine for requesting a payoff from an insurance company in exchange for renewing its contract with QF. Allegations of bribery to win the 2022 FIFA World Cup bid were leveled repeatedly against Qatari officials; and in 2019, against al-Jazeera. Mohammed Bin Hammam, president of the Asian Football Federation, was accused of buying votes from representatives of national football associations. He was banned for life from all football-related positions. Qatar was quick to reject these accusations and established the Administrative Control and Transparency Authority in November 2011 to ensure that corruption would not be tolerated. The emir stated that the state would show no mercy to corrupt individuals. In 2020, the country was scheduled to undergo the review process of the implementation of the United Nations Convention against Corruption. No report has been made available as of yet.

Article 35 of the constitution states that all Qataris are equal before the law and discrimination on whatever basis (religion, origin, sex, skin color) is prohibited. While discrimination is not legally sanctioned, societal discrimination marginalizes some minority groups, such as LGBTQ+ and Shi'ites, who keep a low profile. Informal restrictions on women remain ingrained in the culture. Due process under the rule of law is violated.

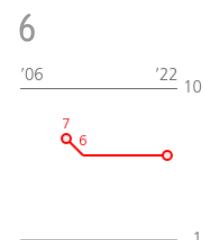
The most evident breach of civil rights is, however, the treatment of expatriate workers, especially South Asians in the construction sector. Numerous reports by international human rights organizations and the ILO have identified massive abuse of these workers. The problems mostly derive from the problematic kafala (sponsorship) system, widespread on the Arabian Peninsula, that puts workers completely at the mercy of their employers. While the extent of human rights violations in this system was made public over a decade ago, it has come under more scrutiny since Qatar won the right to host the 2022 FIFA World Cup.

Under overwhelming pressure, Qatar slowly started enacting reforms to strengthen workers' rights. The pace of reform has slightly accelerated following the Gulf Crisis, possibly to garner international sympathy. In April 2018, the International Labor Organization (ILO) established a project office in the country to assist with strengthening migrant workers' rights over the next three years. The exit permit requirement was abolished in September 2018. Later in 2018, Qatar joined two key

#### Prosecution of office abuse



#### Civil rights



human rights treaties: the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, although Qatar stopped short of establishing fully equal rights for women and migrants. Qatar also introduced a new residency law, which would allow non-Qatari spouses of Qatari women and their children to apply for permanent residency (albeit not citizenship). Qatar became the first Gulf country to pass a refugee asylum law in September 2018.

In September 2020, new labor reforms were introduced which, according to Human Rights Watch (HRW), constitute some of the most significant to date. Qatar thus became the first Arab Gulf country to abolish the need for employer permission to change jobs before a work contract ends, a key pillar of the kafala system, which is now dismantled in practice after being officially “abolished” in December 2016. The 2020 reforms also raised the minimum wage for migrant workers (introduced in 2017 at \$200) to \$274, with additional allowances for food and accommodation, including domestic workers who have been hitherto excluded from most rights protections. In January 2020, the right of workers to leave the country without their employers’ permission was extended to previously excluded sections of the workforce in the government, oil and gas, agricultural and domestic sectors. Some restrictions, however, remain in place. Detrimental practices, like failure to pay wages, passport confiscations, high recruitment fees and the criminalization of “absconding” from work, as well as physical abuse, are widespread and go mostly unpunished. The prohibition of unionization and strikes has not been lifted. Also, as with previous reforms, the success of these measures relies on their future implementation and enforcement. Still, the reforms constitute considerable steps for workers’ rights and put Qatar ahead of most of its neighbors in that regard.

#### 4 | Stability of Democratic Institutions

Overall, apart from the CMC, Qatar lacks democratic political and judicial institutions. The judiciary has been strengthened in the last decade by the adoption of several measures, such as the emir and the members of the cabinet being formally under the jurisdiction of the court. A true legislative body remains nonexistent as the current Advisory Council is only a consultative assembly. The elections to the parliament have yet to take place. The most important fora for public participation are regular private majalis (plural of “majlis,” quasi-formal social gatherings) where citizens meet to discuss and channel grievances through local sheikhs to the emiri diwan (the royal court).

Performance of democratic institutions

2

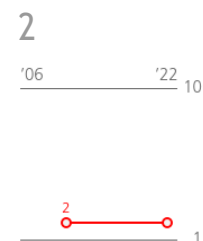
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2

1

Political decisions in Qatar are not made by democratic institutions, but by the royal family and associates. For the time being, no actor or group poses any serious threat or publicly questions the type of political system operating in Qatar. The emir wields wide-ranging power over the country's affairs and apparently enjoys the support of most Qataris, especially since the Saudi-UAE-led attempts to destabilize his regime. Rival royal family members supported by hostile Gulf states do not seem to have significant support in Qatar. Further liberalization or democratization reforms will most likely be resisted by more conservative sections of society and have in any case been put on the back of the agenda due to the threat of the blockade and later the pandemic, as seen by the repeated delay of parliamentary elections. However, the need for external allies during the Gulf crisis, stronger public support for the ruler and the development of a positive national identity have created a political space for carrying out long overdue structural reforms.

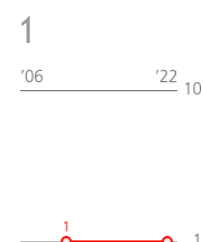
Commitment to democratic institutions



## 5 | Political and Social Integration

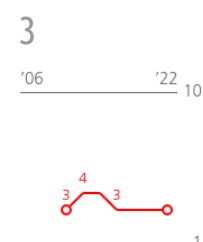
Political parties do not exist in Qatar and, for the time being, there is no indication that parties will be allowed to emerge in the near future.

Party system



The establishment of an interest group in Qatar is not only expensive but a complicated administrative process. The few existing interest groups are under the control of the government. The registration procedure for NGOs and professional and private associations was simplified in 2010 but includes numerous hurdles. NGOs are required to have QAR 10 million (\$2.7 million) in capital and its own or rented premises within six months of licensing. Nonetheless, several groups were established with the blessing of the government. Chief among them are groups working in specific areas of human rights, such as human trafficking, children's rights and empowerment of women within Qatar. There is also the renowned Qatar Foundation (QF), the brainchild of the former emir's wife and current emir's mother, Sheikha Moza Bint Nasser al-Misnad, who is also its chair. The QF is another official tool to improve education and research opportunities in Qatar and has helped promote a positive image of the country over the last few years. While the government repeatedly reduced the foundation's budget in recent years, due to the economic situation of the country caused by the oil crisis, the blockade, and in 2020, the pandemic, it remains the most powerful instrument to advance the government's development agenda.

Interest groups



Institutions are generally of lesser importance in Qatar; personal bonds frequently prevail. Citizens' interests are mostly transmitted via majalis. According to a 2015 SESRI survey on social cohesion, 71% of Qatari men and 41% of Qatari women frequent these fora. Examples of interests that were implemented at the top political level are the ban on alcohol sale in the “Pearl” area and the introduction of Arabic as official language at Qatar University. Structural reforms perceived to weaken citizens' privileges, such as the abolishment of the kafala system, are often vocally opposed in majalis and are resisted by businessmen.

In general, Qataris are apparently satisfied with the authoritarian political system in place, as corroborated by periodic surveys by SESRI. The political system is generally perceived to be legitimate and no wide-ranging dissatisfaction or serious challenge to it is reported. This perception is further strengthened by the fact that Qatar is the only country in the Arab world that has not seen any serious demonstrations against the regime since the Arab Spring. The instability it brought – along with the pressures of the blockade – further decreased Qatari interest in democracy. However, much of this loyalty is bought. Qataris have one of the highest per capita incomes in the world, life is comfortable, and people are apparently satisfied with the status quo. As in other Arab Gulf states, the ruling regime is keen on maintaining the implicit social contract with the national population and the bond between government and populace has only strengthened in the course of the blockade. Because citizens enjoy opportunities to participate in majalis, they often consider Qatar's political system – strongly authoritarian by international standards – to be democratic. This selective understanding of democracy is frequently exhibited in polls, as in 2019, when 40% of Qatari respondents stated that the most important attribute of democracy was that “government guarantees order and the rule of law” and only some 10% mentioned free, multiparty elections.

Formal associations have been emerging in Qatar, but – except for expat ethnic and regional organizations – most NGOs are actually RONGOs (royally organized NGOs), dependent or even part of the regime. In 2004, Qataris as well as foreigners, were given the right to form associations, but the formation of these associations is an expensive activity and marred by bureaucratic red tape. Other organizations that support the work of the government, such as the Red Crescent and the QF, have been very active in health care, education and research although cuts in funding forced some programs to be scaled down. The state's generous redistributive policies make poverty among Qatari citizens almost unknown and associations that provide support for the destitute do not exist. The pandemic has exacerbated the precarious position of migrant workers, although government spokesmen emphasize that “Anyone who tests positive for coronavirus immediately receives high-quality medical treatment at no cost.” The rest of the population remained relatively cushioned from the short-term effects of the virus and the lockdown measures.

Approval of democracy

n/a

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n/a

Social capital

5

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A 2015 report by SESRI shows a societal split in terms of trust between citizens and expatriates, and social groups are segregated along citizenship status. Expat organizations are often exclusionary and based on ethnicity or country of origin. There are overarching online associations of professionals and highly skilled foreigners, such as InterNations and expat.com. Nonetheless, the blockade has brought society closer together and, according to the results of a November 2017 survey by SESRI, an overwhelming majority of Qataris is proud of their country's achievements. As per the Legatum Prosperity Index 2020, Qatar overtook the UAE and now ranks 27th out of 167 countries on social capital, second in the Middle East just after Bahrain (21st), especially because of its particularly high value of institutional trust, helping strangers and donating to charity.

## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Qatar has been trying to move away from a rentier economy to a more knowledge-based, service economy. Quantitative indicators of progress are impressive, especially considering the restrictive blockade imposed on Qatar by its neighbors from mid-2017 to January 2021. Qatar still ranks in the “very high” category on UNDP's 2020 Human Development Index, ranked 45th out of 189 countries with its score barely changing since 2017, although some of its neighbors – the UAE, Saudi Arabia and Bahrain – have overtaken it in the last few years.

While incidence of poverty based on international criteria is almost nonexistent, inequality and perception thereof does exist. Members of the royal family directly or indirectly own or control most of the economy. However, no data on inequality is publicly available except for 2007, which showed a Gini coefficient of 41.1. Income inequality is stagnant since 2015. The World Inequality Database estimates the share of the top 1% best-earners at 18.5% – 18.9% of the national pre-tax income from 2015 – 2019. Wealth inequality may be a more meaningful indicator for Qatar but no data on wealth inequality has ever been published.

Meanwhile, foreign low-skilled workers receive extremely low wages by local standards and undergo strict and sometimes oppressive working conditions. Generally, foreign workers pay a subsidized fee for water and electricity. By now, about two million temporary workers live on the margins of society, and their welfare is seldom considered in government planning. About 60% of them live in what the Qatari government officially labels “labor camps,” many of which are outside the city and lack basic amenities.

Question  
Score

Socioeconomic  
barriers

8



1



Women, though not officially discriminated against, are disadvantaged compared to men in Qatar's patriarchal society. However, according to the UNDP's last available Gender Inequality Index 2019 – which examines reproductive health, empowerment and labor market outcomes by gender – Qatar is the second highest ranked Arab country (once again overtaken by the UAE), 43rd out of 162 countries globally – although it still lags behind OECD countries. The ranking is mainly due to the high standard of living in Qatar and the country's high scores for female education.

Economic indicators		2017	2018	2019	2020
GDP	\$ M	161099.1	183335.0	175837.6	<b>146373.6</b>
GDP growth	%	-1.5	1.2	0.8	<b>-3.7</b>
Inflation (CPI)	%	0.4	0.3	-0.7	<b>-2.5</b>
Unemployment	%	0.1	0.1	0.1	<b>3.5</b>
Foreign direct investment	% of GDP	0.6	-1.2	-1.6	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ M	6425.5	16652.2	4259.9	<b>-3617.3</b>
Public debt	% of GDP	51.6	52.2	62.3	<b>72.1</b>
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	17.6	16.3	18.5	-
Public education spending	% of GDP	3.0	-	2.8	<b>3.2</b>
Public health spending	% of GDP	2.1	1.9	-	-
R&D expenditure	% of GDP	-	0.5	-	-
Military expenditure	% of GDP	-	-	-	-

Sources (as of December 2021): 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

Despite moves by the Qatari government to encourage competition and privatization, the largest companies in Qatar are still state-owned. There is discrimination toward foreign businesses and investments, as foreigners face strong restrictions on property ownership. Crucial state-owned enterprises (e.g., Qatar Airways) are heavily subsidized, especially since the blockade and pandemic. The blockade has further catalyzed Qatari efforts to further open up to foreign investment. A 2019 law allows up to 100% of foreign investment in businesses, as opposed to the previous limit of 49% in most cases. A new public-private partnership (PPP) law issued in May 2020 encourages PPP projects in Qatar. Following years of a construction boom all over the Gulf Region, steel prices are now controlled by the government to protect local steel producers. Subsidies for gasoline and utilities have been reduced, after having been reinforced due to the blockade, although gas prices are still very low at about \$0.32 per liter in January 2021. Lamb import subsidies were eliminated in December 2020.

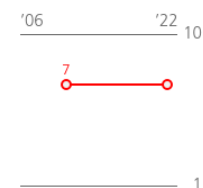
The Heritage Foundation's Index of Economic Freedom 2020 awarded Qatar a score of 60 in the sub-index of investment freedom, compared to the regional average of 53.6, as in previous years. With regards to the ease of starting a business, Qatar has slightly improved in the Doing Business 2020 index of the World Bank due to several reforms streamlining the process of doing business in the country (ranking 77th out of 190). It is therefore above the regional average, although mostly below the OECD average. Starting a business in Qatar takes on average eight procedures and nine days, and costs 6.3% of GNI per capita.

Informal labor is almost nonexistent among Qatari nationals, but remains a serious issue for blue-collar migrant workers, mainly coming from Asia. Many work in servile conditions with tacit official approval. The country's currency, the Qatari riyal (QAR), is freely convertible into other currencies. Estimates put Qatar's shadow economy at about 16% of GDP over the period 1991 to 2015.

In 2006, Qatar issued law no. 19 entitled "Protection of Competition and Prohibition of Monopoly Practices." This competition law introduced a new regime of jurisprudence to Qatar, largely in response to the obligations created by multilateral trade agreements and World Trade Organization. Applying to all private business activities, the competition law aims to achieve a level playing field for business competition and to create a more open and transparent business environment. The law forbids collusion, mergers and abusive conduct, which would result in dominant market positions. Law 19/2006 also established a Competition Protection and Anti-Monopoly Committee within the Ministry of Economy and Commerce, which has been active since 2008.

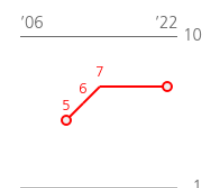
Market  
organization

7



Competition policy

7

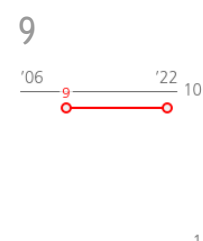


However, the competition law does not apply to government activities or state corporations. State entities still enjoy a monopoly and face soft budget constraints in many sectors, such as transportation, petrol retail, and meat and livestock. Over the last few years, there have been steps to reduce the number of monopolies. For example, an amendment to the 2002 law on the organization of work of commercial agents was introduced in 2016 to curb monopolistic practices.

Qatar became a member of the World Trade Organization (WTO) in January 1996 and has been generally complying with its obligations under the provisions of the regulations. It has pursued reforms to improve the entrepreneurial environment and broaden its economic base beyond oil and gas. Qatar opened up its trade sector early on and developed its status as a regional financial hub. The blockade resulted in several WTO disputes with the UAE and Saudi Arabia, which have been dropped in the meantime. The import of religiously and politically sensitive goods (e.g., pornographic materials, narcotics and pork products) can be and have on occasion been prohibited. The last WTO Trade Policy Review (April 2014) acknowledges Qatar's progress.

As a member of the GCC, Qatar is also a signatory to the organization's Free Trade Agreement, although much of this trade has collapsed in 2017 due to the blockade, but will probably pick up following the resolution of the conflict. To compensate for the losses resulting from the blockade, Qatar has strengthened its efforts to gain new trading partners and develop its trade-based economy. It has turned toward Iran, Turkey and Asian markets (e.g., Japan, South Korea, China and India), the latter of which now make up 76% of its exports. A preferential trade agreement was signed with Turkey in early 2018, which quadrupled trade by the end of 2020 in comparison to 2013. Trade agreements have also been signed with the United States and Pakistan in the last two years and talks with the UK and Tunisia are underway. In 2020, 88.3% of the country's GDP was produced by trade, maintaining a similar level since 2016. According to the 2020 World Bank's Doing Business Report and the Index of Economic Freedom of the Heritage Foundation, Qatar's openness to trade is higher than the regional and global average and was rising over the last few years until it fell in 2020 due to the pandemic. Current estimates put the pandemic's impact on trade at 11%. The country's average tariff rate has risen to 4.3% from 3.4% in 2018. The simple average of the applied total "most favored nations" tariff rate is 4.8, lower than the regional average. Non-tariff barriers remain low.

Liberalization of  
foreign trade



1

Qatar's central bank (QCB) and the Qatar Financial Center Regulatory Authority are responsible for supervision of the financial markets. Neither of these institutions can act independently from the government. Branches of international banks, such as HSBC, operate in the country. The largest private bank is Qatar National Bank (QNB), though its share of the national market has been shrinking because of stiff competition and aggressive policies by its competitors.

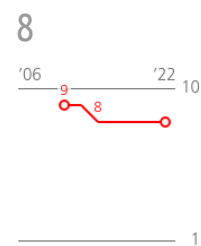
The Qatari banking system is resilient and profitable. Economic pressures due to low oil prices, the blockade, and now COVID-19, however, caused a significant outflow from the Qatari banking system, putting pressure on it. Even so, following its December 2020 virtual visit to Qatar, the IMF characterized Qatar's banking sector as "well-capitalized and liquid," not least due to the QCB's zero-percent repo facility at QAR 50 billion. The banking sector reflects a high quality of assets and strong profitability and capitalization. The non-performing loan share remained relatively stable at 1.7% in 2020, while the rate of regulatory capital to risk-weighted assets dropped slightly to 15.9%. While the liquidity ratio measured at 30.2%, net profits stood at 1.6%. The QCB's lowered policy rates supported credit to the private sector but led to an inflated loan-to-deposit ratio of 120%. Among the measures taken to respond to the pandemic were a moratorium on loan repayments for banks and businesses, the continued proactive monitoring of credit portfolio risks and a stimulus package. Qatar's rating outlook remained positive and stable at end of 2020, not least due to expected support for the liquidity of Qatar's banking system.

## 8 | Monetary and fiscal stability

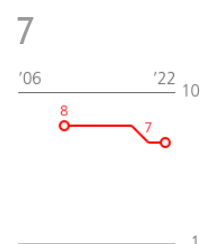
Actual and predicted inflation in Qatar has fluctuated in recent years due to oil price volatility and geopolitical circumstances. In 2018, inflation fell further to 0.18% and 2019 even saw a deflation of 0.6%. IMF projects a deflation of 2.2% for 2020 due to the pandemic and an inflation of 1.8% in 2021. The projections of the Economic Outlook Report 2020 – 2022 by Qatar's Ministry of Development Planning and Statistics (MDPS) vary slightly, at -1.3% for 2020 and 2.1% for 2021, respectively.

The pandemic further lowered oil prices and put the brakes on economic activity and trade, leading to rapidly sinking consumer prices. Until the pandemic, the major recent driver of inflation has been the blockade. However, its impact was ambiguous: while the prices of imported goods exploded, Qatar's swift trade diversification and the falling demand due to the exodus of many high-income expats and tourists from neighboring countries led to a fall in prices for housing, hotels and entertainment. Other drivers include rising domestic energy costs, and changes in global food and commodity prices, which affect domestic prices due to the pegged exchange rate. Because the Qatari riyal is pegged to the U.S. dollar, monetary policy is severely limited but – according to a 2019 IMF report –

Banking system



Monetary stability



sustainable. To maintain the peg, the QCB lowered its policy rates twice in March 2020 in line with the U.S. Federal Reserve. The IMF also suggests enhancing the information exchange between the fiscal and monetary authorities for liquidity management.

Although Central Bank Law 13/2012, in effect since January 2013, increased the central bank's supervision prerogatives, the central bank's legal independence is compromised by the fact that its governor, Abdullah bin Saoud Al Thani, is a member of the emir's family. In any case, due to the peg, the central bank has limited room to maneuver.

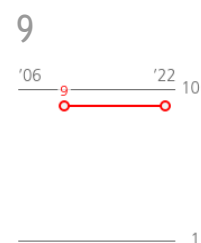
Budget deficits are rare in Qatar and only occurred twice in two decades before the pandemic, in 2016 due to the oil price drop and in 2017 due to the early impact of the blockade. However, just as Qatar had returned to surpluses (amounting to almost 5% of GDP in 2019), the pandemic and its side effect of declining oil prices necessitated higher spending and a budget deficit arose in 2020 that is forecasted to be 7.2% of GDP, while the deficit for 2021 is projected around 5 – 6% of GDP by economic experts, including the Economist Intelligence Unit. However, total reserves minus gold continued to rise in 2019 to \$37.7 billion from a low of \$13.7 billion in 2017 (as reported by the World Bank); gold reserves had also risen to \$3.3 billion by November 2020.

Despite the Ministry of Finance's (MoF) pledge to reduce public debt to 36% of GDP by 2023, the pandemic led to an increase in government debt to 68.1% of GDP after it had slightly recovered to 46% in 2018, according to IMF data. Nonetheless, fiscal policy is prudent and international rating agencies have consistently rated Qatar as "stable" since 2018, despite all obstacles. The MoF reduced Qatar's budget expenditures by 13.4% in 2020 and reprioritized. It was thus able to maintain expenditures at the approved budget level by reducing spending on non-priority items, while infrastructure and health care spending, as well as prioritized FIFA construction, continued. Expenditures to cushion the pandemic's effects were increased, including a QAR 75 billion package to support the economy.

While the blockade and the pandemic provided excuses for delaying the introduction of a VAT (unlike Saudi Arabia, where it was increased from 5% to 15%), decided at GCC level, a "sin tax" for certain consumption goods was introduced in January 2019.

The IMF stated in December 2020 that the "proactive reprioritization of spending helped limit the fiscal deficit to a projected 2.5% of GDP in 2020." Due to Qatar's swift reaction, most economic activity could be resumed by September 2020. Spending is expected to decline again with peak 2022 FIFA construction over once the pandemic has abated.

Fiscal stability



## 9 | Private Property

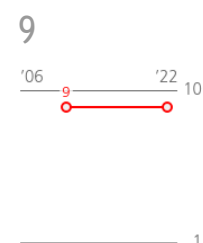
No single codified source of property law exists in Qatar, but a collection of laws, ministerial decrees and resolutions constitute the country's jurisprudence on property ownership. For years, only Qatari nationals were allowed to own property in the country until Qatar slowly liberalized property ownership laws to become more inclusive to foreign nationals. In recent years, Qatar also opened up designated areas of the real estate market to non-Qataris and non-GCC nationals. The laws under which these changes were enacted grant non-Qataris both ownership and usufruct rights in residential real estate located in specific investment zones, such as The Pearl and West Bay. A new ownership law introduced in the end of 2020 expanded the number of locations where non-citizens can buy property and equips large buyers with enhanced residency rights. Following reform that streamlined property registration procedures and improvement in the quality of the land administration system, the country skyrocketed to lead the category registering property of the World Bank Doing Business Report 2020 index, jumping from 20th in 2019 to 1st out of 190 countries.

Qatar National Vision 2030 puts the performance of Qatari companies center-stage. The privatization of parts of the telecommunications and utility sectors in the last five to 10 years have been praised by Qatari businessmen as boosting the efficiency of the economy. A 2019 law removes limitations on foreign investment, which was previously capped at 49% in many business sectors. Foreigners can now own up to 100% of enterprises.

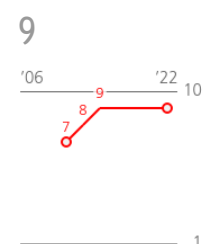
Privatization sometimes proceeds at an uneven pace and, given the monopoly exercised by members of the royal family, the distinction between private and public for large-scale projects is superfluous. Qatar Airways was nationalized following the succession of Emir Tamim in June 2013, but Qatari authorities have since hinted that Qatar Airways will be privatized in the coming years, although the setbacks of the blockade and the pandemic will probably delay that process. The blockade, which derailed Qatari air travel, led to massive losses and the enterprise had to be bailed out by the government with \$2 billion in March 2020. Due to the decline of air traffic in the pandemic, it amassed an additional \$2 billion loss in 2020.

To support SMEs in the country from the impact of the pandemic, the government has introduced a credit guarantee scheme of QAR 5 billion, administered by the Qatar Development Bank (QDB).

Property rights



Private enterprise



## 10 | Welfare Regime

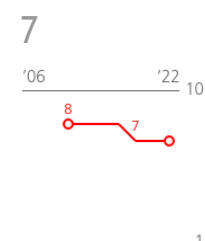
Just as the economy was in recovery following the twin shocks of the drop in hydrocarbon revenue since 2014 and the blockade since 2017, the pandemic put further stress on the extensive social welfare schemes for Qatari citizens. Nevertheless, overall social spending remains generous, and no one pays income tax. Health care, water, electricity and education are free for citizens and subsidized for residents, and there are generous loans and subsidies, for example, for housing and marriage. The collapse of hydrocarbon revenue, exacerbated by the pandemic, has forced the government to curb social spending and increase gasoline and natural gas prices. Qatari students choosing to study abroad can apply for grants from the Higher Education Institute. Eligible nationals can get basic food items such as rice and sugar for their families at subsidized prices.

To soften the blow of the pandemic, Qatar announced a QAR 75 billion (about 12% of GDP) package. Several large corporations, including the QF, introduced a rent exemption for up to six months in March 2020. Hospitality, tourism and retail industries were exempted from utilities payments until the end of 2020 and the government introduced measures to postpone loan installments and exemptions from custom duties. There is free health care for all affected by COVID-19. Even migrant workers, typically low in priority with regards to social and economic benefits and burdened by the kafala system, were given full salaries when in quarantine or in treatment. However, non-citizen government employees' wages were reduced by 30% in June 2020.

Qatar's public health care system has significantly improved over recent years. According to the 2020 Legatum Prosperity Index, Qatar's health care coverage ranked 1st out of 149 countries worldwide. Life expectancy at birth has consistently risen to the current 80.1 years, the highest in the GCC. Basic health care is provided by the state through the Hamad Medical Corporation, which runs several clinics and specialized hospitals, and has expanded over the last few years in response to population growth. Their services are free of charge for citizens, while other residents are obliged to pay a small amount to be eligible for treatment. Resident cancer patients have been treated for free since 2018. In recent years, institutions have been established to support low-income families and disabled individuals through education and job training programs. The government also launched a National Health Strategy 2018 – 2022, prioritizing public health care, which is reflected in government spending.

Still, due to the economic situation, efforts to introduce taxation and curb some of the extensive government spending by lowering or eliminating subsidies are notable. Since 2015, Emir Tamim has repeatedly driven home the message that the government can no longer “provide for everything” and that the nation of “simple

Social safety nets



social welfare policies” must transition to “a proactive state” by empowering citizens. Accordingly, subsidy cuts resulting in higher utility rates, gasoline prices and postal services costs, were implemented. The NDS 2018 – 2022 emphasizes cutting expenditures and streamlining the welfare state while completing all planned projects for the 2022 FIFA World Cup on time. Austerity policies disproportionately affect non-citizens, as the regime seeks to minimize the effects felt by citizens. The distinction between Qataris and non-citizens is most stark in the welfare sector, given that the vast majority of foreigners who reside in the country are excluded from most welfare benefits, although foreigners do benefit from general subsidies for residents (e.g., gas, water and electricity subsidies).

Article 19 of the constitution provides for equal opportunity for all citizens and Article 35 enshrines gender, racial, linguistic and religious equality. Due to the overwhelming presence of male expatriate workers, mainly in the construction sector, the population of Qatar was over 72% male according to the MDPS in late 2020. Due to extreme gender imbalance, only 14% of the total working population is female, a very slight increase since the previous reporting period. However, the high gender inequality is rooted in societal and cultural practices rather than in demographic imbalance or discriminatory legislation (with some exceptions, especially regarding family law). The blockade has increased female participation in the private sector by four times, according to the Qatar Chamber. Overall, labor force participation is still significantly lower (albeit rising) for women (59.4%) than men (95.9%).

There is no gender discrimination in education. On the contrary, the proportion of Qatari women enrolled in secondary and tertiary levels of education exceeds that of men. More importantly, about two out of every three students enrolled at the tertiary level are females. Many factors explain this phenomenon. First, a significantly higher percentage of male students are allowed by their parents to pursue their studies outside the country. Second, staying in the education system may also be a way to avoid undesirable and early marriage, which is increasingly perceived by educated women as the end of personal freedom. Men, however, apart from having comparatively lower levels of college preparatory skills, are more likely to join the public sector, which requires only a secondary school diploma. Gender-segregated education may have boosted female educational enrollment at all levels as well, as some parents would not have allowed their children to enroll in coeducational institutions. While Qatar University remains gender-segregated, the new foreign campuses in Education City are coeducational. However, enrollment of Qatari nationals at all branch campuses is a fraction of the total enrollment of Qatari nationals at Qatar University.

There are no legal obstacles to political participation for women, but Qatar is still a male-dominated society when it comes to political participation. Only three women have been appointed to the cabinet and the only ministry currently headed by a

Equal opportunity

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'06 '22 10

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woman is the Ministry of Public Health, which is led by Hanan Mohamed al-Kuwari. Only two out of 29 seats on the CMC are occupied by women and four women were appointed to the Advisory Council in 2017 for the first time.

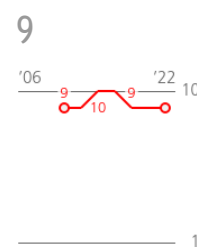
While most of the gender discrimination is rooted in culture, discrimination based on nationality and citizenship status is legally sanctioned and actively encouraged. In accordance with the Qatarization policy, companies operating in the country are obliged to recruit nationals to meet government targets, although these targets are rarely met in practice. While the kafala system has been virtually dismantled in the last few years, restrictions and discrimination against migrant workers are still widespread.

## 11 | Economic Performance

Qatar has the third largest proven natural gas reserves in the world behind Russia and Iran and is highly dependent on the hydrocarbon sector, which has taken a hit due to the oil price slump in 2014 and the additional drop due to the pandemic in 2020. However, in the last few years, Qatar diversified its non-hydrocarbon sectors, which in 2020 accounted for over 20% of the total government revenues. Although the government planned for a slight budget surplus in 2020, the pandemic led to a fiscal deficit, estimated at about 7.2% of GDP. To offset the effects of the pandemic and the oil price slump, the budget deficit in 2021 will be 5% of GDP. The current account balance shrunk from 17% of GDP in 2018 to 2.4% in 2019 and is expected to turn into a negligible deficit of 0.6% of GDP in 2020. GDP growth slowed from 1.2% in 2018 to 0.8% in 2019. The IMF estimates that the economy contracted by about 2.5% in 2020, due to the global impact of the pandemic, namely the lowered demand for hydrocarbons and subdued domestic activity following the lockdown in March 2020. This has harmed state-owned enterprises like Qatar Airways, which was already frequently reliant on subsidies. GDP per capita (PPP), the highest in the world just a few years back, has shrunk slightly from \$91,739 in 2017 to \$90,044 in 2019 (in constant 2017 U.S. dollars), but is expected to bounce back to pre-crisis levels after the effects of the pandemic subside.

Despite the triple impact of sinking oil prices, the blockade, and the pandemic, Qatar's economy appears resilient. While the IMF predicted a 4.5% decline in Qatar's 2020 economy in October, it also stated that this was the smallest contraction among Gulf countries. In a new report in December 2020, the IMF revised the estimate to 2.5%. Unemployment is still negligible. Having a small population and abundant resources allows the government to create jobs in the public sector (often not requiring a college degree) that offer enormous perks, high salaries, little competition, job security and prestige. This significantly reduces incentives for Qataris to work in the highly competitive private sector. At the same time, the country promotes private sector growth and opening the economy to

Output strength



international companies. Due to the pandemic, the MoF told government and government-funded institutions to cut their wage bills for foreign employees by 30%, either by cutting salaries or reducing the number of employees.

The tax burden amounts to 4.9% of GDP since the introduction of a “sin tax” (applied to sugary drinks, tobacco and other consumer goods associated with negative public health outcomes) in 2019. Although the planned introduction of a VAT has been postponed due to the blockade and the pandemic, taxes are expected to rise after its introduction. Qatar launched the General Tax Authority (GTA) as part of the MoF in January 2019 as the authority for tax collection and compliance.

## 12 | Sustainability

Qatar has a long way to go to achieve a sustainable environmental policy, but there is a growing awareness of environmental problems within government and society. The Ministry of Environment, the QF and the national power and water company, Kahramaa, have initiated campaigns to raise environmental awareness and incentivize environmental protection (e.g., the Qatar Today Green Award, the Qatar Sustainability Week, held for the fifth time in autumn 2020 and the Tarsheed (Guidance) campaign.

The NDS 2018 – 2022 places a strong emphasis on sustainable development. Qatar aims to reduce its carbon footprint by 2030 and plans are underway to achieve this, an example being the construction of public transport. The majority of the Doha Metro network, built to improve transportation in the run-up to the FIFA championship and to reduce road congestion and pollution, and a light rail line are operational since 2019. Also, despite being the most water-stressed country in the world, according to the Aqueduct Water Risk Atlas, Qatar ranks 25th in terms of water resources due to its wastewater management and desalination technology.

Nonetheless, many policies have been moving in the wrong direction, not least due to the shifting priorities instigated by the blockade and the pandemic. Qatar has dropped to 122nd out of 180 countries in Yale University’s Environmental Performance Index 2020 and ranks last in the indicator for contributing to climate change. It has one of the highest environmental footprints in the world. This is not only due to the hydrocarbon overabundance per se but also to the use of fossil fuels for electricity generation, water desalination, natural gas processing and general wasteful consumption. As citizens enjoy free water and electricity, both are often wasted, and the low fuel prices worsen the situation. Indeed, water consumption is among the highest in the world per capita. The need for self-sufficiency in food production brought on by border closings during the blockade have worsened the ecological impact of already water-, energy- and fertilizer-hungry agriculture. Qatar has one of the highest fertilizer consumption rates worldwide. The government and Qatar’s Environment and Energy Research Institute (QEERI) are currently working on solutions and policies to curb that trend.

Environmental  
policy

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'06 '22 10



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Qatar aims to be a leader in higher education and scientific research both regionally and internationally and continually raises its investment in the sector to transform the resource-rich nation into a knowledge-based one. However, the massive resources that are invested in education and technology systems do not always produce a strong output, although they guarantee high-quality infrastructure. While the overall literacy rate is almost 99% and education is always one of the top three priorities named by the government, relative spending is below the global average. The share of spending on education had been raised to 10.6% of the total budget in 2020, which amounts to 2.9% of GDP. Due to the pandemic and the finalization of some projects, it was scaled down to 9% of the overall budget in 2021. R&D expenditure has not changed significantly over recent years and hovers at a low 0.5% of GDP.

The leadership has sought international assistance to formulate educational reform policies and to set up new academic institutions and research centers, mostly via the Qatar Foundation. It has also set up numerous high-profile projects that showcase Qatar's commitment to education, such as the Qatar Science and Technology Park and the Sidra Medical and Research Center, the country's first academic medical center, which became fully operational in 2018. The QF has launched a new online database of Qatar's research resources to enable sharing of and access to data. Another beacon of Qatar's education project is Education City, which currently hosts eight international universities (American, French and British) and one Qatari university.

However, all this cannot mask the fact that the education system does not provide the hoped-for output. Some Qataris question whether the standards of the foreign "branch" universities are equal to the original universities and whether the high cost of these universities is worth the price for the relatively small number of Qatari attendees. There is also a question of whether the extensive use of English in these institutions comes at the expense of Arabic, thus producing a Western-educated elite alienated from the rest of the Qatari population. Another issue is that the level of graduates, especially in the scientific and mathematics fields, is often found wanting. There is a disproportionate focus on tertiary education at the expense of pre-college education. Even at the tertiary level, switching to Arabic as the medium of instruction at Qatar University lowered the quality of teaching significantly, as high-quality teachers are not hired, with the exception of some departments, if they are not native speakers of Arabic. These are some of the reasons why Qatar underperforms in international rankings regarding education and research and seems to fall behind some of its neighbors. Thus, since 2018, Qatar dropped 28 places in the Global Innovation Index (GII) 2020 on education and now ranks 106th out of 129 countries. It has also dropped to 46th (from 10th in 2018) in tertiary education. In terms of research and development, it continues to hold the 66th place for this indicator in the GII 2020. Its rankings in comparable indicators such as the World Economic Forum's Global Competitiveness Index 2019 are similar. Due to

Education policy /  
R&D

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the pandemic, the 2020 index was turned into a report on the evaluation of the countries' priorities for recovery. There, Qatar emerges as a strong leader in terms of digitalization and access to information and communication technologies, where it ranks 9th globally. It is also the global leader for the share of internet users among the adult population (99.7%). However, in the 2019 U.N. Education Index, Qatar's score of 0.659 is no more than mediocre.

## Governance

### I. Level of Difficulty

Structural constraints on governance are virtually nonexistent. As in previous years, the U.N. World Risk Report of 2020 continues to identify Qatar, out of 181 countries worldwide, as the least vulnerable country to natural disasters. The budget surpluses have mostly been so huge they could easily offset the extremely hot climate and lack of agricultural land, forests and water. The deficits of recent years have not seriously hampered management ability. Poverty (among citizens) is still unheard of in this tiny Arab Gulf state, although, like most countries, it has been heavily affected by the COVID-19 pandemic since early 2020. Until the outbreak of the pandemic, the only external constraints were low hydrocarbon prices and the blockade by the other Gulf Cooperation Council (GCC) member states and some aligned Arab countries. Here, Qatar's tininess, especially compared to Saudi Arabia, has turned out to be a strategic disadvantage, especially given the arch enmity of Saudi Arabia and Iran, the region's other heavy weight, and Qatar's geostrategic location just between the two.

The blockade, however, turned out to be a blessing in disguise in the long run. So far, it has pushed Qatar to diversify its imports, created domestic investment opportunities, and the political support that enabled the ruling regime to carry out structural reforms and weather the adverse effects of anti-pandemic measures. Perhaps surprisingly, average household income increased from 2017 until 2019. In comparison to many COVID-19-affected countries, the pandemic's effects in Qatar were mild. The official mortality rate remained low, both in absolute numbers (248 dead as of January 2021) and compared to the rate of infection. Having a young population (only 1% over 65) has certainly helped in that regard. Although it is too early to gauge the long-term effects of the pandemic, Qatar's performance has so far indicated that it will come out of this period with limited damage.

Structural  
constraints

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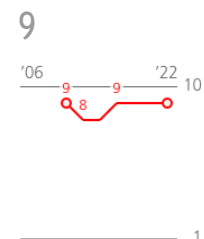
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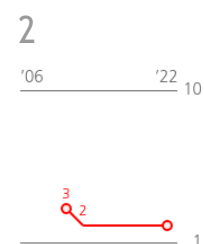
Traditions of civic engagement in Qatar are underdeveloped, even by the Arab Gulf standards. Qatar went from a tiny peninsula filled with small fishing villages to an economic powerhouse in only a few decades, all under the leadership of one family without contention from any other power center, such as the merchant class in Kuwait. This meant that traditions of societal negotiation could not develop over time and different strata of society did not form traditional habits of interaction fostering civil society activity, apart from neo-patrimonial patronage relations common in the Gulf. Though the Qatar National Vision 2030 calls for “strong and active civil society organizations,” little has changed on the ground. In fact, the country’s only associations are sponsored and run by either the government or quasi-government organizations. Still, the rally-around-the-flag effect induced by the blockade has brought citizens closer together and will probably have a formative effect on Qatar’s emerging civil society.

Unlike the neighboring state of Bahrain, marked by sectarian violence and social tension between Sunni and Shi’a factions, Qatar’s native population is highly homogeneous and lacks any serious religious or ethnic cleavages. Though Shi’ites constitute approximately 10% of the Qatari population, they are well integrated in the society, and wealthy Shi’ite businessmen fully support the Sunni ruling family. However, as Hanbali Muslims, many Qataris hold strong negative opinions about the Shi’a. The Global Peace Index consistently ranked Qatar as the most peaceful Arab state, until 2017. Yet, even after Qatar dramatically fell to 31st out of 163 countries in the global ranking, due to the tensions with its neighboring states and heightened weapons exports, it ranked 27th in the 2020 index globally and as the most peaceful state in the Middle East. With the diplomatic crisis with the neighbors slowly subsiding, Qatar is likely to return to its previous status in the coming years. Violence is not a serious issue in the country. Even divisions between non-citizens and Qataris, important as they are from a socioeconomic perspective, are overwhelmingly nonviolent.

#### Civil society traditions



#### Conflict intensity



## II. Governance Performance

### 14 | Steering Capability

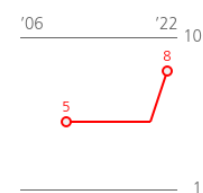
Given the economy's reliance on the hydrocarbon sector and the limits of those natural resources, there is a consensus among Qatar's ruling elite that the country needs a long-term strategy. In recent years, this need has gained urgency following the hydrocarbon price shock and the blockade, which drove home the need for greater economic autonomy and diversification. Qatar National Vision 2030 enshrines such long-term strategic priorities, including building a knowledge-based society, a world-class health care system and Qatarization. The pandemic may have delayed some of these priorities but has not eradicated them. Diversification, in terms of creating a knowledge-based economy, is its core aim and has received even greater urgency in the shorter-term five-year plans (the most recent being the NDS 2018 – 2022). Qatari authorities, especially the emir, have sought to strike a balance between modernity and tradition. Yet, the government's long-term strategic aims do not include a transformation toward democracy.

Since the state is an absolute monarchy, the small governing body is unrestricted in implementing its policies. Tiny steps have been taken toward achieving liberalization by transforming the current system into a constitutional monarchy, but these attempts are still in the early stages and limited. Public opinion on controversial issues, such as the sale of alcohol, has forced the government to change its policies. Qatar's regional ostracism from mid-2017 to the end of 2020 resulted in focused efforts on promoting economic self-sufficiency. The diversification of the economy is an ongoing process. New ownership and PPP laws were passed in 2019 and 2020. In a dramatic move to refocus the economy away from oil exports, Qatar withdrew from OPEC in January 2019 and has begun to concentrate more on natural gas production. It is currently unclear whether the rapprochement with its OPEC neighbors will lead to a re-entry into the organization. The 2022 FIFA World Cup award redirected the government's development priorities. Consequently, several of the goals included in the government's last five-year-plan (2011 – 2016) were not achieved. Qatarization still progresses at a slow pace. Though the government has declared its determination to implement the current plan (2018 – 2022), the repeated postponement of the government's pledged reforms, first due to the blockade, then due to the pandemic, (e.g., the national elections to the Advisory Council and the introduction of a VAT) have created doubts about the government's intentions. However, potentially painful policies that the government has prioritized, such as the massive expenditure cuts announced in the wake of the oil price crisis and extensive restrictions in response to the pandemic were swiftly implemented for the most part. Over the last few months and years, even much of the kafala system has been dismantled, despite the pessimism of external observers.

Question  
Score

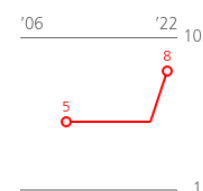
Prioritization

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Implementation

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Qatar has shown considerable resilience in the face of the turmoil resulting from the Arab Spring uprisings, the crumbling of Qatar’s overlarge foreign policy ambitions and the associated regional fallout, and declining hydrocarbon revenues. Qatar has curbed its tendency to punch above its weight in foreign affairs. Qatar’s response to the blockade by the quartet of neighboring countries has demonstrated a potential for policy learning and flexibility. Instead of seeing its heavily import-dependent economy suffer due to the cutting of vital trade links with its neighbors (e.g., Saudi Arabia and the United Arab Emirates), Qatar refocused its efforts on promoting economic self-sufficiency, and establishing new trade partnerships (especially with large Asian countries) and expanding existing partnerships (e.g., with Western states, Turkey, Iran and Pakistan). For example, Baladna, a Qatari company, has developed its dairy production business from scratch and can now not only meet the entire domestic demand for dairy products but even made its first exports in June 2019. Qatar plans to produce 70% of its vegetable demand, which was almost completely imported before the blockade – it has progressed to producing 30% as of 2020. Qatar’s reaction to the pandemic has been swift and decisive and resulted in a minimal impact on public health.

In general, both domestic and international agencies are consulted during policymaking. Most of new reforms are based on research and thorough consultation, and public evaluations of previous development plans have taken place prior to the introduction of new plans. Local elected bodies so far have limited power to make enforceable decisions, but given the current political structure, powerful individuals can influence policy formulation and implementation.

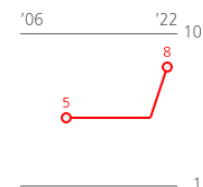
## 15 | Resource Efficiency

The blockade has sharpened the need for efficiency in Qatar. The NDS for 2018 to 2022 calls for a more self-reliant and efficient economy (in terms of food and energy production) and has pledged to shrink government spending to about 21.2% of GDP, despite ongoing infrastructure projects. Although it has hovered around 34.3% for the past three years, it is likely to decline given that peak construction for FIFA 2022 has passed. The IMF emphasized the role of Qatar’s “proactive reprioritization of spending” in response to the pandemic as instrumental in limiting the projected fiscal deficit in 2020 to 2.5% of GDP.

Diversification and Qatarization of the economy remain central to the National Vision 2030, although there is still a long way to go. One side effect of the system is that use of personnel is far from maximum efficacy, as, for instance, Qatari nationals are assigned supervisory positions even when they are much less qualified than expats. Prior to 2016, budget surpluses were the norm, and debt, while on the rise, was at manageable levels. Since 2016, Qatar has run a series of deficits. After that tide turned in 2019, the pandemic again reversed things and deficits are projected in 2020 and 2021, due to the contraction of the economy, low hydrocarbon prices and high government spending.

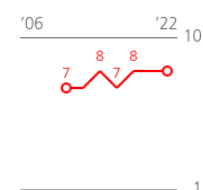
### Policy learning

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### Efficient use of assets

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International tenders are called to use the funds efficiently. Electronic systems are being implemented for public administration and e-government is employed in all areas. Wasteful use of energy and resources has been identified as a major problem and fees for wasting water and electricity have been raised significantly. The oil price shock since 2015 has catalyzed attempts to promote bureaucratic reform and reduce the size of ministries and state-funded institutions.

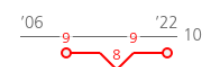
Given the tiny size of the territory and the small population, Qatar's centralized structure is usually effective at implementing policies. Qatar ranked 40th out of 129 countries on the 2020 Global Innovation Index's "government effectiveness" indicators, and the government has managed past crises remarkably well. It persisted and even flourished during the blockade and reacted swiftly to the pandemic – emergency measures after the first case of an official COVID-19 infection were implemented within 11 days (for comparison, it was 53 days for the United States). The government formulated and defined common policy goals quickly and clearly. Indeed, the regime has largely succeeded in balancing the interests of citizens and external pressure from the international community.

Qatar has initiated more anti-corruption reforms than most of its peers in the Arab world. High and regularly rising salaries combined with a moderate workload in the public sector play an important role in reducing the temptation for petty corruption. This has been helped by the slimming down of the bureaucracy following government spending cuts. Qatar's immersion in the global economy has also forced it to adhere more rigorously to international anti-corruption standards. The country's constitution stipulates in Article 128 that "ministers shall not use their official posts in any way for their own interests or for the interests of [those with] whom they have special relations." The State Audit Bureau, established as an independent entity in 1973, scrutinizes the accounts of all ministries and their affiliated departments and bodies, alongside accounts of public corporations, national companies and other government bodies. In November 2011, the Administrative Control and Transparency Authority (ACTA) was set up to trace power and money abuses. According to the Worldwide Governance Indicators, Qatar's score regarding control of corruption rose slightly from 77.4 in 2018 to the 79.3 percentile rank in 2019.

However, there is a lack of transparent infrastructure and a high degree of political interference. This lends itself to opaque procurement practices in, for example, the defense sector, which, according to Transparency International's 2019 Government Defense Integrity Index, is at "critical" risk of corruption due to lack of oversight and accountability. Also, despite Qatari denial, U.S. prosecutors revealed evidence in April 2020 of FIFA officials receiving bribes to secure the championship in 2022. Anti-corruption institutions are also flawed. The head of the State Audit Bureau, an Al Thani member, is appointed by the emir and the reports of the body are not made public. Laws to protect whistleblowers, anti-corruption watchdogs and non-governmental anti-corruption agencies are practically nonexistent, and public access to information is restricted.

#### Policy coordination

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#### Anti-corruption policy

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While there is a high degree of disapproval in society toward bribery, “wasta” – patronage and nepotism leading to personal gains – is not viewed as corruption. On the contrary, social and tribal relations are viewed as central to maintaining the social fabric. Maintaining confidence and secrecy is vital in these transactions. High-ranking officials are rarely prosecuted, and the ruling family is viewed as exempt.

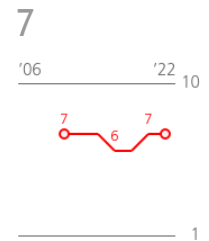
## 16 | Consensus-Building

Given Qatar's status as an absolute monarchy, true democratization is not sought by the country's leaders. However, while lip service is often paid to democracy, consultation forms an integral part of the political culture. Reforms are initiated by the ruling family, mainly in a top-down manner by the emir and some key family members. Though the expression of public discontent with the Al Thani regime is rare, there has been some grumbling following the failure of Qatar's ambitious foreign policy and the negative publicity in the aftermath of the award of the 2022 FIFA World Cup. Also, Islamists and conservatives have criticized certain reforms, such as selling alcohol and the empowerment of women. While regular surveys among citizens yield high levels of support for democracy, they also show high levels of support for most government institutions, indicating a general interest in having a stake in the country's future rather than a specific interest in reshaping political institutions in the monarchy. Given the prevalence of or preference for falsification in autocratic societies, the validity and reliability of these surveys should be taken with a grain of salt.

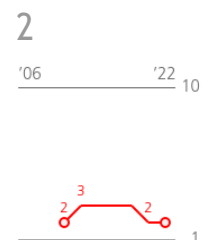
Qatar's economy is getting more and more integrated into the global economic system and further diversified as a result of the blockade. The leadership is well aware that the current rentier economy will not last forever. Thus, reforms are underway to drive the market into a more mature stage, and the country's efforts are acknowledged and praised by actors such as the IMF. Political leaders and the business class (in the absence of political parties and civil society organizations) support such reforms as long as they do not hurt the privileges of the citizen population. The blockade, seen as an illegitimate intrusion by foreign powers into the country's affairs, has brought Qatari society closer together and reinforced the existing consensus on the direction of the country.

While local religious 'ulama play no particular role in Qatar, traditional tribalism and kinship loyalties are still important to many Qataris. According to a 2015 SESRI survey, 99.5% of Qataris consider themselves socially conservative. There is no consolidated group of reformers outside the ruling system and, given the high standard of living enjoyed by most Qataris, it is unlikely that public pressure for democratization will increase. This situation has become even more pronounced since the emir gained even more popularity following his management of the blockade. The blockade has also fostered a greater sense of "citizenship" among many Qataris and an increasing popular feeling that it might be crucial for Qatar to take its fate in its own hands. However, even if this development continues, demands for change would be careful and gradual, at best.

Consensus on goals



Anti-democratic actors



Surrounded by countries with massive sectarian cleavages, Qatar has been able to consolidate its citizens into one group irrespective of their religious orientation and the process of nurturing a cohesive national identity has been catalyzed by the external pressure brought on by the diplomatic crisis with its neighbors. Shi'a Muslims, who face persecution in Saudi Arabia and Bahrain, are well integrated into Qatar's society. They include prominent businessmen and are avid supporters of the current ruling family. Social- or cleavage-based conflicts are hence mostly unknown in Qatar.

The only real concern is the poor treatment of low and semi-skilled migrant workers, repeatedly highlighted by human rights organizations and labor unions. Since migrant workers are not regarded as a regular part of the body politic, this issue is not regarded as a societal cleavage and there are few incentives to improve the situation of the workers, except for international pressure. Nonetheless, there has been significant progress in that area in the last few years.

In the absolute monarchy of Qatar, the importance given to civil society is minimal. But due to growing international pressure, Qatar would like to be seen to be relaxing (and has promised to relax) its restrictions on civil society organizations. However, there is no official encouragement of civil society activities; instead, a lack of cooperation between CSOs and government institutions exists, as regular studies show. For instance, a 2016 report by the Gulf Center for Human Rights affirms that civil society organizations are only tolerated in non-oppositional forms with special restrictions on non-nationals. The pandemic has not changed that situation in a meaningful or permanent way, although NGOs such as Qatar Charity and Qatar Red Crescent Society were instrumental in providing support, especially to migrant communities.

As punishment for their presumed involvement in a 1996 coup attempt, more than 5,000 members of the al-Murrah tribe were temporarily stripped of their Qatari citizenship in 2005. It was returned to all but 200, including members of the al-Ghufran clan who remain stateless today, meaning that they are excluded from the local labor market and are not entitled to Qatar's comprehensive social services. The government has not suggested any reconciliation options to them yet. 21 members of the al-Murrah who were in prison since the coup attempt were pardoned in 2010 and flown to Saudi Arabia. The issue resurfaced during the conflict with Saudi Arabia and the UAE in 2017, when Qatar stripped 55 members of their citizenship following their alliance with Saudi Arabia and criticism of the government by a tribal leader. Apart from this, no major historical injustices have happened in the modern history of Qatar.

Cleavage / conflict management



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Civil society participation



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Reconciliation



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## 17 | International Cooperation

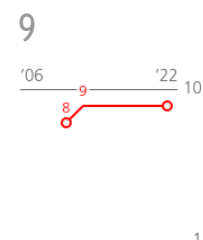
Qatar has sought international assistance in order to develop the nation and prepare it for a post-oil period. Several international top universities have been invited to open campuses in Education City, schools and health care services have been revamped with international expertise (although the results sometimes draw stark criticism from independent scholars and observers). Moreover, the multi-billion-dollar infrastructure projects underway in the country, including the ambitious Doha Metro system that launched in 2019, tram lines connecting Education City that will also transport football fans to their destinations in 2022, and a new railway system meant to connect Qatar to other GCC countries have been awarded through international tenders, bringing renowned international companies to the country (e.g., Siemens, Hyundai and Deutsche Bahn).

While the country welcomes technical and financial cooperation that it seeks actively, it is wary of external influence perceived as thrust upon it from the outside, especially in the political realm (e.g., pressure for labor and human rights reforms as well as the pressure from the formerly blockading countries). On the other hand, in response to the blockade, Qatar efficiently leveraged international help, especially from Iran and Turkey, which jumpstarted the development of the domestic dairy industry, and swiftly replaced goods formerly imported through Saudi Arabia and the United Arab Emirates. Now that the blockade is officially over, diplomatic relations are restored and trade barriers lifted, renewed cooperation on the GCC level is sure to intensify.

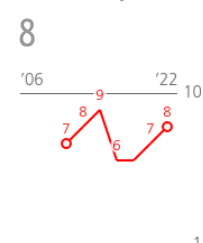
In reaction to the pandemic, Qatar was quick to sign agreements with Pfizer/BioNTech and Moderna for vaccines and began its vaccination program on December 23, 2020. Its pace however was slow, with only about 17,000 vaccinations in the first month of the campaign.

Credibility in the economic and financial realm is stable, according to international rating agencies. International organizations, including the IMF, consider Qatar's economy to be resilient. Qatar's credibility in the political realm, both in foreign and domestic politics, has suffered for three reasons: its alleged support of the Muslim Brotherhood in various Arab Spring countries and accusations of the country having "financed terrorism," concerns over corruption regarding the country's successful 2022 FIFA World Cup bid, and its ability to manage the diplomatic crisis with its GCC neighbors. Yet, Qatar mostly maintained a moderate course during the blockade with frequent calls for reconciliation (in contrast to the hard-line stance of the blockading countries) and has complied with international and regional agreements, which has earned it a reputation for being a reliable and resilient partner. The boycotting states normalized their relations with Qatar in January 2021, without Qatar making any apparent concessions to the 13 demands

Effective use of support



Credibility



they had since 2017. Even al-Jazeera, which was strongly criticized for its politicized stance regarding its reporting on the Middle East and the role of the Muslim Brotherhood, and therefore accused of political interference by the blockading states which sought to close it down, came out of the crisis almost unscathed.

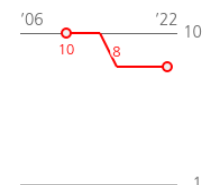
Domestic reforms, on the other hand, have only ensued partially and slowly. Announcements of a long-awaited election to the Advisory Council were delayed once more by Emir Tamim until at least 2021, giving further credence to doubts about whether the council will ever be installed. Strong international criticism of Qatar's human rights record relating to the treatment of its foreign workers, fueled by the media focus following the 2022 FIFA World Cup award, produced slow but significant progress. The kafala system has been largely dismantled. Further reforms are awaited although significant problems persist. Still, even international watchdogs, including Human Rights Watch, have admitted the significance of the reforms. The pandemic has also been handled relatively well with a quick response, widespread testing and free health care to those affected, regardless of their citizenship status. While the members of the international community are likely to doubt official information in any autocracy, there is no reason to suspect Qatar of any major cover up regarding the rate of infections or casualties.

A founding member of the GCC, and a member of an array of international organizations, Qatar remains an important partner in the Gulf region although the disruptive effects of the (now-resolved) Gulf crisis linger. Qatar has maintained amiable relations with most of its neighbors for the better part of its existence although there also were frequent political tensions, especially with its neighbors Saudi Arabia and Bahrain. Before the Arab Spring, Qatar was involved in resolving international disputes by hosting conferences and acting as a mediator in conflicts (e.g., in Sudan, Lebanon, Afghanistan and Yemen). Qatar has tried to keep or establish good relations with all countries and political groups, including the United States, Iran, Israel, Hamas and Fatah in Palestine, and the Taliban in Afghanistan – an array of alliances that no other Arab state can claim. Qatar co-owns the North Field gas field together with Iran and has strengthened its relationship with its controversial neighbor since its GCC neighbors closed their borders.

However, its perception as an honest (and financially generous) broker was shattered with Qatar's involvement in regional affairs since 2011. While at the beginning, it was applauded by the international community for supporting rebels fighting against autocratic regimes in Libya, Egypt, Syria and other countries and quickly overtook Saudi Arabia in its influence on regional affairs, the tables later turned. Qatar was seen as biased toward Muslim Brotherhood-linked organizations across the region and as overextending its reach, eventually leading to Saudi Arabia and the United Arab Emirates attempting to marginalize Qatar. When the crisis erupted in June 2017, the blockading countries accused Qatar of interference in

Regional  
cooperation

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their internal affairs, supporting terrorism, and maintaining excessively close relations with the Muslim Brotherhood (considered a terrorist organization by Saudi Arabia and the United Arab Emirates since 2014), Iran and Turkey. Consequently, Qatar's relations with the blockading countries dramatically deteriorated. The unproven and strongly disputed allegations that Qatar has financed terrorism, combined with greater international scrutiny of the deplorable labor conditions in Qatar (highlighted by the upcoming 2022 FIFA World Cup) and corruption claims surrounding Qatar's 2022 FIFA World Cup bid soured Qatar's relations especially with Western states. Nonetheless, it did not lose all its old allies, as Kuwait and Oman have refused to side with Saudi Arabia and the United Arab Emirates, and were instrumental in brokering the accord in 2021. Kuwait and the United States are credited with mediating the end of the dispute.

In the eyes of the international community, Qatar regained some credibility and sympathy due to its relatively measured approach to the crisis (in contrast to the histrionics of the blockading countries). It was also praised for its quick and decisive reaction to the COVID-19 pandemic. Qatar also gained some regional influence by offering financial support to Lebanon and Gaza, which it has practically bankrolled since 2018 with Israel's approval. However, while the blockade has been lifted and formal relations were re-established between Qatar and the blockading states, the competing foreign policy interests regarding political Islam, Iran, Turkey and Israel persist and may lead to future tensions. In particular the rivalry with fellow small GCC monarchy, the UAE, continues. While the UAE have chosen normalization of relations with Israel and established full official relations in a groundbreaking move in August 2020, followed by Bahrain, Sudan and Morocco, Qatar vehemently opposed this move. A 180-degree turn in the policies of either country seems unlikely. In light of these persisting conflicts, a return to Qatar's role as regional mediator, although desired and continuously pursued by the current government and the populace, is therefore improbable.

## Strategic Outlook

Over the last decade, Qatar has had to face several crises – the Arab Uprisings, the collapse of the global price of oil, a blockade by its closest neighbors, and now the pandemic – and has shown resilience and flexibility. This is not just due to its resource wealth, but also due to the choice by Qatar’s leadership to approach these crises as opportunities. In particular, the external pressure of the GCC blockade resulted in a more diversified and sustainable economy than prior to 2017. However, some of the sustainability successes have been lost due to (necessary) reprioritization in the wake of the pandemic. It is vital that now, as the brunt of the COVID-19 impact on Qatar seems to have subsided, its leadership returns its focus to important issues like education and the environment, while continuing its ongoing economic reforms to diversify trade and revenues. Qatarization efforts should also be continued but are only meaningful if Qatari citizens are educated, conscious of the need to sacrifice a degree of their affluent lifestyles and empowered to take responsibility for their country’s development. Awareness campaigns remain important but will not be effective without policies that significantly cut consumption and Qatar’s huge ecological footprint by disincentivizing wastefulness and incentivizing the expansion of alternative technologies.

The emir’s surge in popularity has allowed him to execute some unpopular reforms, like the removal of subsidies and the expansion of migrant laborers’ rights. However, some reforms which should nonetheless be implemented in future, have been put on hold, including introducing a VAT, as Qatar’s GCC neighbors have done. The relationship with the former blockading countries also requires attention, as the conflict is likely to erupt again, if sufficient cooperation and consensus-building are not pursued. It is important to continue to address the rapprochement as a community decision rather than a “win” as it is a chance to restart GCC integration efforts in terms of economy (i.e., the VAT), infrastructure (the GCC railway) and politics.

Also, despite the significant reforms since September 2020, the situation of migrant laborers is still precarious. It is important to continue to consolidate past efforts, as well as to enforce rules and laws already in place. Major reform of the nationality law is still a red line. However, without a path toward societal integration, not to mention citizenship, foreign workers will remain temporary residents with no stake in the overall well-being of the country. Once oil and gas revenues shrink, only a highly educated and competent homegrown workforce that feels at home in Qatar will preserve the high standard of living to which Qataris have become accustomed. Steps in this direction would further benefit Qatar’s global image as a credible international partner.

While the development of a Qatari national identity following the blockade led to a citizenry that is invested in the country’s future rather than apathetic and apolitical, this has not translated into demands for increased citizen participation in politics and an active civil society. In any case, Western partners should not forget that there is currently no trend toward democratization in any



meaningful sense. In order to foster political development, Western partners should support any steps Qataris take in the direction of democratization while moderating the amount of pressure they place on Qatar to reform. Qatar is still a highly conservative and traditionalist society, and too much pressure to reform may be (and is already) seen as an excessive foreign interference and an imposition of foreign norms, which could provoke resistance and a rollback of the reforms that have already been launched. Instead, the successes and progress should be clearly acknowledged. Qatar's social contract is still largely based on welfare and a high standard of living provided by the government in return for popular acceptance and legitimacy of the monarchy and the Al Thani family. Many citizens continue to perceive themselves as part of a vulnerable minority in their own state and rapid change without domestic demand might upset the balance. Therefore, a drastic step (e.g., the withdrawal of Qatar's 2022 FIFA World Cup hosting rights) at this stage would be sure to backfire, and likely feed national narratives of victimization and injustice. On the other hand, small penalties and incentive-based actions promise success and have indeed aided in the reform of the kafala system.

On the regional level, Western countries should support and foster the rapprochement among the GCC while recognizing the tensions and difficulties among the neighbors. The split in the Sunni block amid some of the most stable and economically viable countries in the Middle East has seriously destabilized the region. Reconciliation is a major step toward stability, but underlying problems must not be ignored.