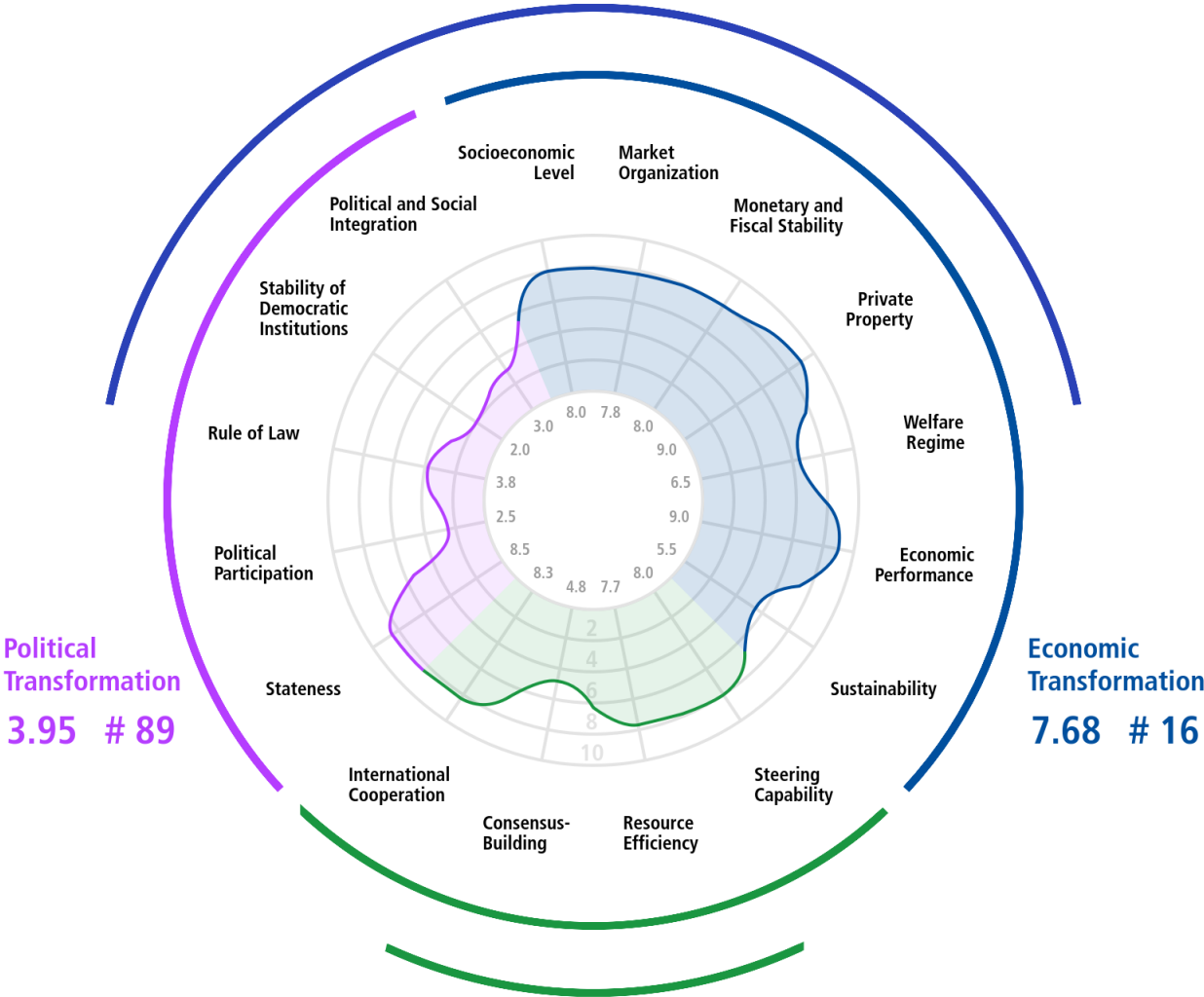


Qatar

Status Index

5.81 # 53

on 1-10 scale out of 137



Political Transformation
3.95 # 89

Economic Transformation
7.68 # 16

Governance Index

6.17 # 21

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. 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	2.7	HDI	0.855	GDP p.c., PPP \$	114648
Pop. growth ¹	% p.a.	0.3	HDI rank of 189	42	Gini Index	-
Life expectancy	years	79.3	UN Education Index	0.684	Poverty ³	% -
Urban population	%	99.3	Gender inequality ²	0.220	Aid per capita	\$ -

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

During the period under review (February 2021 to January 2023), developments in Qatar were dominated by the aftermath of the Gulf crisis, the FIFA World Cup 2022 and the outbreak of the war in Ukraine.

The al-Ula agreement of January 5, 2021 reestablished societal, diplomatic and economic relations among Gulf Cooperation Council (GCC) member states, although tensions sometimes resurface, especially between Qatar and the UAE. With Bahrain, the rapprochement has been particularly slow. Meanwhile, Qatar further pursued autonomy and diversification of trade partners, food, water, capital goods and hydrocarbon exports, as outlined in its National Development Strategy (NDS) for 2018 to 2022. Self-reliance in food production, formerly almost completely import-dependent, is an ongoing goal with considerable success, especially in dairy and vegetable production. Progress in environmental protection and sustainability was put on the backburner, however.

The 2022 FIFA World Cup was a mixed blessing for Qatar. While it had the opportunity to present itself and make its state-of-the-art infrastructure and technological standards known, the spotlight shone on the country often led to severe international criticism perceived by many Qataris as unfair and hypocritical. All major building and infrastructure projects in preparation for the 2022 FIFA World Cup were completed before the event, including a network of roads, railways, underground metro and a light rail line. These were built by foreign workers under conditions often described as “modern-day slavery.” Qatar had already enacted some improvements to the disputed Kafala system. Under the World Cup spotlight, more reforms followed, such as restricted working hours in summer and the region’s first nondiscriminatory minimum wage. However, criticism of insufficient human rights protections continued. Qatar’s image was further tarnished by the “Qatargate” corruption scandal, when EU parliament members were accused in late 2022 of being bribed by Qatari officials.

Domestically, the Gulf crisis catalyzed the development of a national identity and solidarity. This sense of unity persisted during the pandemic and was further strengthened in response to intense foreign criticism during the World Cup.

A major milestone was achieved in October 2021 when Qatar held its very first legislative elections for two-thirds of the Advisory Council (Shura). Although these elections did not mark a major step toward democratization, they nonetheless bolstered the credibility and legitimacy of Emir Tamim and indicated a shift toward parliamentarization. The elections also sparked the first significant protests since 2011 against the restrictive election law, leading the regime to harshly punish some protesters with long prison sentences. This leaves no doubt that political change will be top-down, not bottom-up.

While the government remains committed to economic and social modernization as outlined in the National Vision 2030, some setbacks resulted from the blockade and COVID-19. The pandemic allowed Emir Tamim to once again postpone the introduction of the value-added tax (VAT), which was originally planned for 2018 under the Gulf Cooperation Council (GCC) framework agreement in February 2017. While the education system in Qatar is still well-resourced, the relatively slow progress of improvements has allowed other countries, including GCC neighbors, to surpass Qatar in international rankings. Additionally, Russia's war against Ukraine significantly increased revenues from fossil resources and also improved Qatar's status among governments that were previously its harshest critics.

History and Characteristics of Transformation

Before oil was discovered in 1939, Qatar consisted of little more than a few shoreline villages, 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, 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 "Father Emir" – who voluntarily transferred power on June 25, 2013. Compared to his predecessors, Emir Hamad is more committed to a socially open society and the development of the country, playing an important role in shaping its current form. Immediately after taking office in 1995, Hamad introduced a series of reforms that 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 firmly established itself on the political map, and its capital, Doha, has become a household name globally. Hamad implemented local elections and a constitution, developed infrastructure and made significant investments in health care and education. He abolished the Ministry of Information and created the al-Jazeera Satellite Channel network in 1996, revolutionizing mass media in the Arab world and propelling the country onto the international scene.

Qatar's first-ever local elections took place in 1999. The Central Municipal Council (CMC) introduced new ideas and practices to Qatar, despite its conservative nature and limited authority. In a groundbreaking step – not only for Qatar but also for the dominantly male Gulf region – women were not only granted the right to vote but were also eligible to run for office, resulting in the election of the first female council member in 2003. In April 2003, Qatar's permanent constitution was adopted through a public referendum, with 96.6% voting in favor. Although the constitution specifies that the rulers of Qatar must come from the Al Thani family and that the position of emir is not to be disputed, it officially guarantees fundamental rights to citizens. Furthermore, the constitution establishes a foundation for a partially developed system of power-sharing among the three traditional branches of government. Notably, it calls for the establishment of a partially elected parliament to replace two-thirds of the currently appointed members of the Shura Council. After several delays, elections ultimately took place in October 2021.

Extensive economic development in the wake of the hydrocarbon boom has necessitated an increasing number of foreign laborers. Employing these laborers, governed by the kafala system, to extract the nation's natural resources has led to the creation of a highly prosperous and privileged minority of Qatari nationals, who make up approximately 12% of the total population. The primary challenge is the transition of Qatar's predominantly rent-based economy into a knowledge-based one, as well as the localization of the workforce through a process called "Qatarization." Doha aims to gain recognition as an economic and financial hub.

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

Since Sheikh Hamad's ascension to the throne, Qatar has positioned itself as a key power broker in the region. Backed by its financial muscle, it has successfully contributed to resolving 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 has 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 starting on June 5, 2017. On January 5, 2021, the blockade was finally lifted when the six GCC members signed the al-Ula Agreement and reopened their borders. While the blockade is officially over, the conflict is not resolved and may resurface in the future. However, aside from economic difficulties that have made Qatar's economy more resilient than before, the blockade has also fostered the development of a national identity, providing resilience in the medium to long term.

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 a 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.

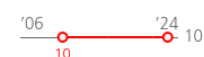
Given the small population of native Qataris, who represent about 12% of Qatar's total population of about 2.9 million (as of 2021), the country's extensive wealth and the role of the state in distributing this wealth to their national population, the issue of citizenship is paramount. As a highly privileged 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 has existed since 2005, allowing for the provision of Qatari citizenship to an annual maximum of 50 foreigners, naturalization is mainly based on patrilineal jus sanguinis, making it almost impossible to gain Qatari citizenship for anyone with a non-Qatari father. Some, like the Ghufuran clan, have lived on Qatar's territory for decades and remain stateless.

There are layers of citizenship. Not all citizens, including native-born ones, have equal socioeconomic entitlements. Naturalized Qatari citizens (e.g., foreign-born athletes, but also Qataris who cannot trace their lineage back before 1930) do not automatically get access to the same range of benefits as native-born nationals. This became apparent during the first-ever Shura elections in October 2021, when naturalized citizens were not allowed to stand or vote for office, leading to the biggest protests since 2011.

Question
Score

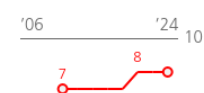
Monopoly on the
use of force

10



State identity

8



Over the last 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 mainly top-down initiatives, seem to have catalyzed into something more organic, a process intensified by the World Cup in 2022. Qatari citizens have started to develop a national identity and exhibit unprecedented levels of public support and admiration for the monarch. While Qatari national identity does not trump other forms of sub-identity, especially tribal identity, those divisions have also softened.

Religion is an essential part of Qatari identity. The official religion in Qatar, as per Article 1 of the constitution, is (Sunni) Islam. While most Qataris adhere to the Hanbali school, the legal system incorporates secular as well as Shariah law. The emir participates in religious events but does not hold any official religious functions. The ‘ulama (religious scholars) play no political role.

“Apostasy” from Islam is considered a capital offense, and proselytizing by non-Muslims is illegal. Islamic orthopraxy regularly provokes controversial discussions and state decisions, that is, relating to the prohibition of alcohol. The FIFA World Cup forced some renegotiation and compromise. However, key conservative Islamic tenets were reinforced. Thus, while the presence of Israelis was accepted, Qatar reneged on promises to sell alcohol widely and to allow LGBTQ+ symbols to be displayed, including the “One Love” armband and rainbow shirts.

Basic administration works efficiently 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, sanitation and electricity provision 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 were high, although there was significant variation between different demographic groups. Even the pandemic did not significantly hamper the basic administration.

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

No interference of religious dogmas

6

'06 '24 10



1

Basic administration

10

'06 '24 10



1

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 have called for revamping the system.

2 | Political Participation

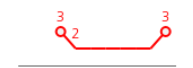
For the first time since the introduction of Qatar's 2003 constitution, elections to Qatar's parliament, the Majlis al-Shura (Advisory Council), took place on October 2, 2021. The Shura consists of 45 members; two-thirds of whom have now, for the first time, been directly elected by universal suffrage out of 233 independent candidates, including 26 women, with the remaining third appointed by the emir.

Free and fair elections

3

'06 '24 10

The elections were postponed multiple times; citizens did not display a major interest in them when the election date was initially announced. However, after it became clear that it would finally happen, it rejuvenated the political process (with a turnout of 63.5%). It even caused some of the first political protests since the Arab Spring in August 2021, when the divisions between different strata of Qatari citizens came to the forefront. It became apparent that not every citizen had the right to vote or stand for office. These privileges are restricted to a subset of the most established and privileged "original" citizens, who can trace their lineage to the 1930s and before, in contrast to "merely" naturalized citizens, excluding thousands of potential voters. For some, this was the first time they found out they were naturalized. The emir announced there would be changes to the electoral law in the future.



The election results, however, show more continuity than change, as expected with a body with very limited powers in a conservative tribal society with basically no opposition: most elected members are senior citizens with significant experience in previous government positions. No female candidate won a seat, prompting the emir to balance things out by appointing two women out of the 15 new members nominated by him.

The last elections to the 29-member Central Municipal Council (CMC) in April 2019 replaced many familiar, traditional members with strong tribal ties (including the chairman) with young and relatively unknown candidates. The turnout of 13,334 voters translated to roughly 1/13th of the adult Qatari population. This does not necessarily signify a lack of interest in politics or democracy but rather strong trust in the government and the emir.

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 Qatar's 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. The population rallied behind its ruler after the outbreak of the crisis between Qatar and its neighboring Gulf monarchies and again in the wake of the World Cup. 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 authority has helped stabilize the political system.

It remains to be seen whether the Shura Council elections will change this assessment. While not a complete game changer, they are a step toward a more parliamentary system. To date, influential businessmen resist structural reforms perceived to weaken citizens' privileges, such as strengthening workers' rights. These are often vocally opposed, as demonstrated by the Shura Council's recommendations in February 2021 to roll back some reforms made to date.

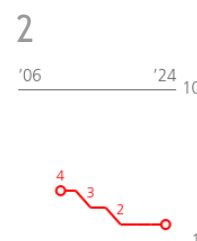
Freedom of association and assembly is very limited. Qataris are nominally allowed to organize demonstrations, marches and public gatherings, but holding such demonstrations requires government approval – usually a permit from the Ministry of Interior. Such provisions make it difficult to demonstrate against the government or its interests without breaking the law.

Furthermore, freedom of association and assembly is impeded by the simple fact that both political parties and labor unions are prohibited in Qatar. The only operational trade union is the General Union of Workers of Qatar, which excludes 99% of the total workforce in the country (non-citizens and public sector employees), rendering it irrelevant. Even the rare protests that do occur are often severely restricted, and the protesters are punished. Several people protesting the electoral law in 2021 were arrested. In May 2022, two members of the Al Murrah tribe and the Qatari poet Mohammed bin Rashid bin al-Dheeb al-Ajami received life sentences (with another tribe member, Mohammed Hamad Bin Fetais al-Marri, receiving 15 years) for protesting and supporting the protests, respectively.

Effective power to govern



Association / assembly rights



According to Article 47 of Qatar’s constitution, “Freedom of opinion and scientific research are guaranteed, according to conditions and circumstances laid down by the law.” These “conditions and circumstances” can be very limited, depending on the time period and topic, which renders the constitutional article meaningless compared to legislation.

Internationally, Qatar boasts a relatively free press, mainly 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 is mostly aligned with Qatari foreign policy – although it has not shied away from reporting on the plight of foreign workers, as shown by multiple reports and documentaries on its website.

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 make for a high level of self-censorship among journalists and editors. Political matters are rarely discussed in Qatari media, which cluster around cultural or local issues. The country ranked 119th out of 180 countries in the 2022 World Press Freedom Index by Reporters Without Borders.

Doha News, a major local Anglophone news website, is again operational after having been blocked by the government in December 2016 for “licensing issues”; however, a change of ownership and editorial direction means it is significantly less critical and topical than previously. The increase of the maximum penalty for “false news” to five years in prison, announced in January 2020, further restricts media freedom.

Allegations of false news were used to justify a crackdown on protesters in the wake of the 2021 Shura elections. Although some previous red lines (e.g., criticism directed at the policies of GCC neighbors) dissipated following the blockade in 2017, most are still in effect and infractions are punished when the dominant strategy – self-censorship – fails. One example is the detention and deportation of Kenyan workers’ rights blogger Malcolm Bidali in August 2021 on charges of “disinformation.” He was finally allowed to leave the country after paying a fine of QAR 25,000 (about €5,800).

In the wake of and during the 2022 FIFA World Cup, international journalists were heavily restricted via strict requirements for accreditation and bureaucratic red tape. While there was little open coercion – an exception was the detention of two Norwegian journalists for 36 hours for reporting on the poor working conditions of migrant workers – Reporters Without Borders has reported on possible hacking of journalists’ private correspondence.

Freedom of
expression

4

'06 _____ '24 10



1

3 | Rule of Law

Although there is now a (partially) elected parliament, its powers are limited. There is no division of powers to speak of. A third of the Shura members are directly appointed by the emir and, consequently, beholden to him. Key issues, such as security and investment policies, are still considered the emir's prerogative. Under such circumstances, the Shura does not perform the traditional roles of a legislative body and remains subordinate to the executive.

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 he enjoys, the courts' power is more theoretical than real.

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 2021, Amnesty International criticized alleged intentional judicial inactivity in thousands of migrant workers' deaths over the last decade. For labor-related legal disputes, the Supreme Judiciary Council expanded the geographic distribution of responsible committees in 2022.

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." Punitive actions against individuals accused of corruption are taken. A case in point is former Finance Minister Ali Sherif al-Emadi, who faced a criminal trial following his 2021 arrest on embezzlement allegations.

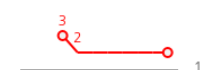
However, it remains highly unlikely that high-ranking officials connected with the royal family will face legal action in cases of corruption or abuse of power. Many top officials have financial interests and shares in businesses inside and outside the country. When legal action against alleged corruption is initiated, the motivations are likely political. Qatar 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.

Some high-profile corruption cases have emerged, although most recent cases concern corruption outside the country. Allegations of bribery to win the 2022 FIFA World Cup bid were leveled repeatedly against Qatari officials. In 2011, Mohammed bin Hammam, then president of the Asian Football Federation, was banned for life from all football-related positions for alleged vote-buying.

Separation of powers

2

'06 '24 10



Independent judiciary

3

'06 '24 10



Prosecution of office abuse

4

'06 '24 10



In December 2022, members of the European Parliament were alleged to have taken bribes from Qatari officials for adopting a soft stance on the country's human rights record in the wake of the World Cup, known as "Qatargate." Qatar was quick to reject all accusations in this matter.

In 2020, the country was scheduled to undergo the review process of the implementation of the United Nations Convention against Corruption. The assessment period has, however, been postponed to 2024.

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.

Although there are some reports of religious discrimination and censorship on religious grounds, the government supports religious tolerance. However, it only recognizes the Abrahamic faiths. Others are only allowed to worship in private. A report by the Israeli NGO IMPACT-se from July 2022 on Qatari schoolbooks acknowledged the progress made since 2020 to remove (albeit not all) extremist, anti-Semitic and anti-Christian content.

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 entirely at the mercy of their employers. While Qatar abolished it in 2016, it took until at least 2020 for significant changes to occur.

Although the plight of migrant workers had long been in the news, it came under close scrutiny globally after Qatar won the right to host the 2022 FIFA World Cup in 2011. In February 2021, a report from the Guardian estimated more than 6,500 migrant deaths since then. However, this includes all causes of death, not just work-related ones. Hassan al-Thawadi, the secretary-general of Qatar's World Cup organizing committee, offered up a significantly lower number of "around 400," while prior statements only acknowledge 37 non-work-related and three work-related deaths between 2014 and 2020. It is impossible to determine the actual number, although it is likely to be in between the various estimates.

In April 2018, the ILO established a project office in the country to assist with strengthening migrant workers' rights over the next three years. In the following months, the exit permit requirement was abolished; Qatar became the first Gulf country to pass a refugee asylum law and joined two key human rights treaties: The International Covenant on Civil and Political Rights and the International Covenant

Civil rights

6

'06 '24 10

7
6

1

on Economic, Social and Cultural Rights. However, Qatar stopped short of establishing fully equal rights for women and migrants. Qatar also introduced a new residency law, allowing non-Qatari spouses of Qatari women and their children to apply for permanent residency (albeit not citizenship).

In January 2020, the right of workers to leave the country without their employers' permission was extended to previously excluded parts of the workforce. In September 2020, Qatar became the first Arab Gulf country to abolish the requirement that workers receive employer permission to change jobs before the end of their contracts, a key pillar of the kafala system. 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 hitherto excluded from most rights protections. In March 2021, Qatar introduced the region's first nondiscriminatory minimum wage, benefiting an estimated 400,000 workers, equivalent to 20% of the private sector workforce. In May 2021, a ministerial decision limited the number of working hours outdoors during the summer months. This led to a 77% drop in the number of patients with heat-related disorders in Qatari hospitals in two years, according to an ILO report.

Some restrictions, however, remain in place, and detrimental practices like failure to pay wages, passport confiscations, high recruitment fees, exploitation through illegal "Azad" visas, the criminalization of "absconding" from work and physical abuse are widespread and go mostly unpunished. The prohibition against unionization and strikes has not been lifted. However, new legislation has led to the establishment of joint worker-management committees at the enterprise level, leading to elected migrant worker representatives – a first in the region.

However, as in previous reforms, the success of these measures relies on the implementation and enforcement in the future. Still, the reforms constitute significant steps for workers' rights and put Qatar ahead of most of its neighbors.

4 | Stability of Democratic Institutions

Apart from the CMC and now the Shura, in part, Qatar lacks democratic political and judicial institutions. The Shura has the power to propose legislation, review the budget and oversee the Council of Ministers, but it is not a fully functioning legislative body. The emir retains veto powers. Key political areas like defense and economy are off limits. 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.

The most important forums for public participation are regular private majalis (plural of "majlis," quasi-formal social gatherings), where citizens (mostly male, although sometimes female) meet to discuss and channel grievances through local sheikhs to

Performance of democratic institutions

2

'06 '24 10

2

1

the emiri diwan (the royal court). Examples of the influence exerted by these majalis include the ban on sales of alcohol in The Pearl and introducing Arabic as the language of instruction in most subjects at Qatar University.

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.

The Shura elections were an important reform milestone, but further liberalization or democratization reforms will most likely be resisted by more conservative sections of society. With the World Cup over, international pressure to democratize will probably also diminish, leaving little intrinsic or extrinsic motivation for further far-reaching reforms. 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.

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.

Although the registration procedure for NGOs and professional and private associations was simplified in 2010, it is still a complicated and costly process. NGOs are required to have QAR 10 million (\$2.7 million) in capital and their own or rented premises within six months of licensing.

Nonetheless, several groups were established, mainly in human rights areas such as trafficking, children's rights and women empowerment. They are all under the control of the government.

The renowned Qatar Foundation (QF) is the brainchild of the former emir's wife and current emir's mother, Sheikha Moza Bint Nasser al-Misnad, who also serves as 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 decade since

Commitment to democratic institutions

2

'06 '24 10



Party system

1

'06 '24 10



Interest groups

3

'06 '24 10



its inception. While the government has repeatedly reduced the QF's budget due to fiscal constraints, it remains the most powerful instrument to advance the government's development agenda.

Institutions are generally of little importance in Qatar; personal bonds frequently prevail. Citizens' interests are mostly transmitted via majalis, in which the vast majority of Qatari men and many Qatari women participate frequently.

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 has seen only minor protests, most lately against discriminatory stipulations in the new electoral law. A November 2021 poll by the Washington Institute shows that an overwhelming 86% of Qataris believe not having major street protests against corruption is a good thing, a much larger share than in neighboring countries.

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. The bond between the government and the populace has only grown closer during the blockade and the World Cup. Because citizens enjoy opportunities to participate in majalis and vote in municipal and, since 2021, in legislative elections, 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 the “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 on 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 is 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.

A 2015 report by SESRI shows a societal split in terms of trust between citizens and expatriates. Social groups are segregated along with citizenship status. Expat organizations are often exclusionary and based on ethnicity or country of origin. There are online umbrella associations of professionals and highly skilled foreigners,

Approval of
democracy

n/a

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n/a 1

Social capital

5

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such as InterNations and expat.com. Nonetheless, the blockade and the World Cup made society more tight-knit than it previously was. According to the results of a November 2017 survey by SESRI, an overwhelming majority of Qataris are proud of their country's achievements. As per the Legatum Prosperity Index 2021, Qatar was ranked 26th (one place higher than in 2020) out of 167 countries on social capital, second in the Middle East after Bahrain (ranked 17th), mainly due to the high value of institutional trust, helping strangers and donations to charity.

II. Economic Transformation

6 | Level of Socioeconomic Development

Qatar has been endeavoring to transition from a rentier economy to a knowledge-based service economy. The quantitative indicators of progress are remarkable, particularly considering the restrictive blockade imposed on Qatar by its neighbors from mid-2017 to January 2021. Nonetheless, Qatar maintains its “very high” ranking in the 2021/22 Human Development Index, ranked 42nd out of 189 countries.

While the incidence of poverty based on international criteria is almost nonexistent, there is indeed inequality and a perception of it. However, publicly available data on inequality is limited to the year 2007, which revealed a Gini coefficient of 41.1.

Meanwhile, foreign low-skilled workers receive wages that are extremely low by local standards and are subjected to strict, sometimes oppressive working conditions. Foreign workers pay a subsidized fee for water and electricity. Currently, approximately two million temporary workers live on the margins of society, and the government seldom considers their welfare in its planning. Around 60% of these workers live in areas designated by the Qatari government as “labor camps,” many of which are located outside the city and lack basic amenities.

Women, although not officially discriminated against, face disadvantages compared to men within Qatar's patriarchal society. However, based on the UNDP's most recent Gender Inequality Index (2021), Qatar ranks 54th out of 191 countries worldwide, making it the third highest-ranking Arab country after the UAE and Bahrain. Nevertheless, it still falls behind OECD countries. This high ranking primarily stems from Qatar's elevated standard of living and its impressive scores in terms of female education.

Question
Score

Socioeconomic
barriers

8



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Economic indicators		2019	2020	2021	2022
GDP	\$ M	176371.3	144411.4	179677.1	237295.6
GDP growth	%	0.8	-3.6	1.6	4.8
Inflation (CPI)	%	-0.7	-2.5	2.3	5.0
Unemployment	%	0.1	0.1	0.2	0.1
Foreign direct investment	% of GDP	-1.6	-1.7	-0.6	0.0
Export growth	%	-2.2	-1.5	-	-
Import growth	%	1.9	-8.9	-	-
Current account balance	\$ M	4259.9	-2985.7	26319.2	63117.9
Public debt	% of GDP	62.1	72.6	58.4	42.4
External debt	\$ M	-	-	-	-
Total debt service	\$ M	-	-	-	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	18.5	22.0	16.7	-
Public education spending	% of GDP	2.8	3.2	-	-
Public health spending	% of GDP	2.7	3.3	-	-
R&D expenditure	% of GDP	-	-	0.7	-
Military expenditure	% of GDP	-	-	6.5	7.0

Sources (as of December 2023): 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 efforts by the Qatari government to promote competition and privatization, the predominant enterprises in Qatar remain under state ownership. In fact, a significant portion of the economy is either directly or indirectly influenced by members of the royal family. Key state-owned entities, such as Qatar Airways, receive substantial subsidies, particularly due to the blockade and ongoing pandemic.

There is discrimination toward foreign businesses and investments. Foreigners encounter strong restrictions on property ownership – although some were abolished in the past few years – and more areas are now open to foreign ownership and usufruct rights. The regional blockade catalyzed Qatari efforts to further open up to foreign investment. A 2019 law allows for up to 100% foreign investment in businesses, as

Market
organization

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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. The Qatari riyal (QAR) is freely convertible into other currencies.

Following years of a construction boom throughout the Gulf region, the government now regulates steel prices to safeguard domestic steel producers. Subsidies for agriculture, gasoline and utilities were scaled back following the blockade and pandemic. Nevertheless, as of January 2023, gas prices remain remarkably low, at approximately \$0.58 per liter. In December 2020, subsidies for lamb imports were discontinued.

The Heritage Foundation's Index of Economic Freedom 2022 awarded Qatar a score of 60 in the subindex of investment freedom, as in previous years. The Global Innovation Index (GII) 2022 ranks Qatar's policies for doing business at 12, acknowledging them as a strength.

Informal labor is nearly nonexistent among Qatari nationals, but it continues to be a significant issue for blue-collar migrant workers. These workers often endure servile conditions, which the authorities tacitly approve of or tolerate. According to estimates, Qatar's shadow economy accounted for approximately 16% of its GDP from 1991 to 2015

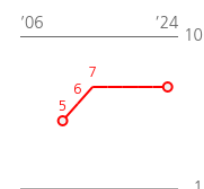
Competition Law No. 19, Protection of Competition and Prohibition of Monopoly Practices, introduced a new regime of jurisprudence to Qatar in 2006, largely in response to obligations that multilateral trade agreements and World Trade Organization (WTO) requirements created. Competition Law No. 19 applies to all private business activities and aims to achieve a level playing field for business competition, as well as to create an open, transparent business environment. The law prohibits collusion, mergers and abusive conduct that 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.

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 the work of commercial agents was introduced in 2016 to curb monopolistic practices. The Qatar Financial Markets Authority has issued a new financial markets rulebook in 2021, clarifying requirements and limits for mergers and acquisitions.

Competition policy

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Qatar became a member of the World Trade Organization (WTO) in January 1996 and has generally complied with its obligations under those regulations. The country has implemented reforms aimed at improving its entrepreneurial environment and diversifying its economic base beyond oil and gas. Qatar has also taken steps to establish itself as a regional financial hub, opening up its trade sector early on.

As a result of the blockade, Qatar found itself entangled in WTO disputes with the United Arab Emirates (UAE) and Saudi Arabia. However, these disputes were eventually resolved and dropped. Qatar has the authority to prohibit the import of items considered sensitive from religious and political perspectives, such as pornography, narcotics and pork products. Such prohibitions have been imposed on occasion.

In the most recent WTO Trade Policy Review conducted in April 2021, Qatar's resilience amid various crises, including plummeting oil prices, the blockade and the pandemic, was acknowledged. The review also recognized Qatar's progress in its efforts to diversify its economy.

The WTO has put forth proposals to address several obstacles to trade freedom, including the establishment of authentication requirements for the origin of goods and the inconsistent application of excise taxes on beverages.

As a member of the GCC, Qatar is also a signatory to the organization's Free Trade Agreement. Trade has picked up quickly since the end of the blockade. The volume of intra-GCC trade in the first three quarters of 2022 was higher than in the entire year of 2021. In addition to its GCC neighbors, Qatar expanded its trade relations with Iran, Türkiye and Asian markets.

In 2021, trade accounted for 93% of the country's GDP, demonstrating a continuous increase since 2020. According to the 2022 Index of Economic Freedom (IEF) published by the Heritage Foundation, Qatar's trade openness surpasses both regional and global averages and has exhibited an upward trajectory. Notwithstanding, the pandemic disrupted this trend in 2020. As a result, trade has yet to fully rebound, resulting in Qatar's descent from a "mostly free" to a "moderately free" classification in the IEF. Present assessments indicate that the pandemic has had an 11% impact on trade.

Still, the trade balance is increasing again, rising from 18.8% of GDP in 2020 to 33.6% in 2021, and it is estimated to reach 37.7% in 2022. The country's average tariff rate has also increased, reaching 4.3% from 3.4% in 2018. The simple average of the applied total MFN tariff rate is 5.1%, which is lower than the regional average. Non-tariff barriers continue to remain low.

Liberalization of
foreign trade



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Qatar's central bank (QCB) and the Qatar Financial Center Regulatory Authority are responsible for supervising the financial markets. Neither of these institutions can act independently of the government.

The largest private bank in Qatar is Qatar National Bank (QNB), although its share of the national market has shrunk due to stiff competition and aggressive policies from its competitors. The country also hosts branches of international banks like HSBC.

Qatar's banking system remains resilient and profitable, reflecting a high quality of assets and strong profitability and capitalization. It often operates well above Basel standards. According to Fitch ratings and PricewaterhouseCoopers (PwC) reports from October and September 2022, respectively, the banking sector has recovered from the economic crises and has been growing since 2021. In August 2022, domestic credit growth was 0.5% year-on-year, while aggregated assets grew by 6.5% in the financial year 2021 and by 6.2% over the three-year period since 2019, indicating that banks have been growing their equity at a faster pace than their liabilities. Net profits before taxes have increased by 11% since 2020. The loan-to-deposit ratio has dropped to 113% from 120%. Qatar's measures, including the QCB's 0% repo facility, have largely contained the effects of the pandemic. Increased hydrocarbon prices have improved domestic liquidity and reduced reliance on external funding for Qatari banks. However, the loan-to-deposit ratio is still the highest in the GCC at 44%. Nevertheless, the IMF expects foreign borrowing to decrease following the World Cup.

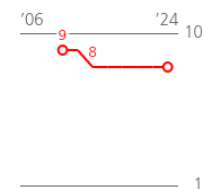
While the measures to counter the pandemic have mostly been phased out, their effects have not completely dissipated. Banks still display elevated risk aversion. The share of non-performing loans also increased by 15% to 3.1% in 2021. While the outlook is positive, the PwC report urges Qatar to undertake reforms in order to remain competitive, keeping in line with changing trends regarding digitalization and accountability.

8 | Monetary and fiscal stability

Actual and predicted inflation in Qatar has fluctuated in recent years due to oil price volatility and geopolitical circumstances. With the diminishing impact of the pandemic, economic activity surged again, and with it, inflation, in line with the global trend. In 2020, Qatar saw a deflation of 2.7%. Inflation returned to 2.3% in 2021 and rose to 4.5% in 2022, according to the IMF, which projects a decrease in inflation to 3.3% in 2023 and 2.1% in 2024, respectively. Qatar's Statistics Authority even reported an inflation rate of 5.9% in 2022, the highest in 20 years. The primary factors exerting upward pressure are recreation and culture, housing and utilities, and restaurants and hotels. Rising energy costs and fluctuations in global food and commodity prices continue to impact domestic prices due to the pegged exchange rate.

Banking system

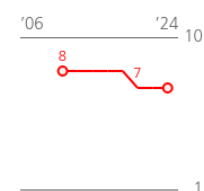
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Monetary stability

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Because the Qatari riyal is pegged to the U.S. dollar, monetary policy is severely limited but robust. The IMF, in its 2022 consultation report, supports Qatar's peg and its measures, including increases in the QCB's policy rates following the U.S. Federal Reserve and the gradual reduction in the zero-interest repo facility. The IMF also suggests enhancing liquidity forecasting and coordination between the fiscal and monetary authorities for liquidity management, deepening financial markets and containing balance sheet vulnerabilities from foreign exchange exposure.

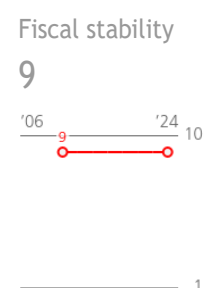
Although Central Bank Law 13/2012 increased the central bank's supervision prerogatives, the central bank's legal independence may be compromised by the fact that its governor, Sheikh Bandar bin Mohammed bin Saoud Al Thani, is a member of the emir's family.

Budget deficits are rare in Qatar and have occurred only three times in the last two decades. The first deficit was in 2016, due to a drop in oil prices. This was followed by another deficit in 2017, caused by the early impact of the blockade. However, Qatar quickly recovered from that and experienced a smaller deficit in 2020, which was attributed to the pandemic and the accompanying decrease in oil prices. In 2021, Qatar generated a surplus of 2.4% of GDP.

According to Standard & Poor, there is an estimated strong government surplus of about 13% of GDP in 2022 and 6% in 2023. Increased hydrocarbon prices and growing investment income from public enterprises are expected to drive this. Other estimates suggest even higher surpluses, taking into account the assumption of a decline in spending following the conclusion of the World Cup.

Total reserves, minus gold, continued to rise slightly in 2021, reaching \$38.9 billion. This is compared to \$37.5 billion in 2020 and \$29 billion in 2018, according to the World Bank. Additionally, gold reserves also increased to 72 tons in the third quarter of 2022.

The pandemic again delayed the Ministry of Finance's (MoF) goal to reduce public debt to 36% of GDP by 2023, although it did decrease to 58% in 2021 from 73% of GDP in 2020. It is projected to be 47% in 2022 and 33% in 2024. International rating agencies have consistently rated Qatar as "stable" since 2018, despite all obstacles, and regard its fiscal policy as prudent, having taken into consideration the quick reprioritization in response to external shocks such as the blockade and the pandemic. Due to Qatar's swift reaction, most economic activity had resumed by September 2020. The blockade and the pandemic provided official justifications for delaying the introduction of a VAT adopted by the GCC.



9 | Private Property

No single codified source of property law exists in Qatar, but a collection of laws, ministerial decrees and resolutions constitutes the country's regulatory framework on property ownership. For years, only Qatari nationals were allowed to own property in the country. Qatar slowly liberalized property ownership laws to become more inclusive of foreign nationals. In recent years, Qatar has 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 law introduced at the end of 2020 extends the locations where non-citizens can purchase property and grants large buyers enhanced residency rights. The introduction of the Office for Non-Qatari Real Estate Ownership facilitates coordination.

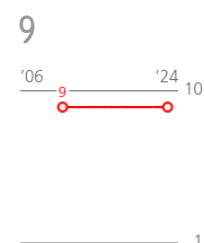
A 2019 law removed limitations on foreign investment – which was previously capped at 49% in many business sectors – allowing foreigners to now own up to 100% of enterprises.

Following reforms that streamlined property registration procedures and improved the quality of the land administration system, the Index of Economic Freedom 2022 saw an improvement in Qatar's score regarding property rights since 2019. In the International Property Rights Index 2022, Qatar is ranked first in the region and 16th globally in physical property rights, albeit only 51st globally in intellectual property rights.

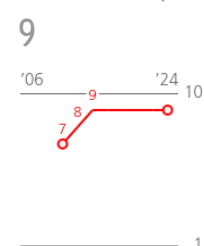
Qatar National Vision 2030 places the spotlight on the performance of Qatari companies. The privatization of certain segments in the telecommunications and utility sectors in the past decade has garnered praise from Qatari businessmen for enhancing the economy's efficiency.

Privatization sometimes proceeds at an uneven pace. 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. However, the blockade and the pandemic will probably delay that process. Among the privatization priorities is the health sector. Privatization initiatives are sometimes controversial among the populace, as was evident, for example, in June 2022, when municipal sanitation and recycling were privatized.

Property rights



Private enterprise



To mitigate the impact of the pandemic on small and medium-sized enterprises (SMEs) in the country, the government has implemented a credit guarantee scheme of QAR 5 billion. The Qatar Development Bank (QDB) administers this scheme. Since 2019, the country's financing of SMEs has been ranked as the best globally, according to the Legatum Prosperity Index.

10 | Welfare Regime

Qatar's welfare regime for citizens has remained intact and wide-ranging even during times of crisis, including low hydrocarbon revenue since 2014, the blockade that began in 2017, and the pandemic in 2020 and 2021. Social spending remains generous overall, and no income tax is imposed on individuals. Citizens are provided with free health care, water, electricity and education, while residents enjoy subsidized rates for these services. Furthermore, there are generous loans and subsidies available, such as those for housing and marriage. Qatari students who choose to study abroad can also apply for grants from the Higher Education Institute. Eligible nationals have access to basic food items, such as rice and sugar, at subsidized prices for their families.

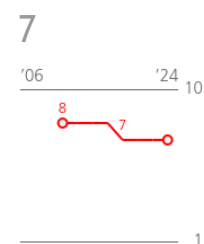
There is free health care for all those affected by COVID-19. Even migrant workers, who are typically low in priority when it comes to social and economic benefits, received full salaries when in quarantine or receiving treatment. However, as expected, Qataris remain a clear priority for the government. For example, non-citizen government employees' wages were reduced by 30% in June 2020, while the public wage bill was again increased in the 2023 budget.

Qatar's public health care system has significantly improved in recent years. The budget for 2023 includes an increase in health sector spending to 11% of the total budget, according to the 2021 Legatum Prosperity Index. The index ranked Qatar's health care coverage 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 operates several clinics and specialized hospitals. The corporation has expanded in response to population growth over the past few years. Services provided by the corporation are free of charge for citizens, while other residents are required to pay a small amount to be eligible for treatment. Resident cancer patients have received free treatment since 2018.

Institutions have been established in recent years to assist low-income families and disabled individuals through education and job training programs. The government has also launched a National Health Strategy for the period from 2018 to 2022, with a focus on public health care. This focus is evident in government spending.

Social safety nets



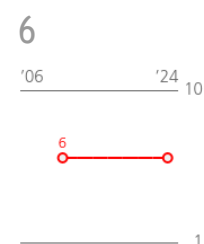
A new social security law came into effect in January 2023, raising the minimum pension to QAR 15,000 in addition to a housing allowance of QAR 4,000. The law also increased the contribution rate to 21% of the monthly salary, up from 15%, and raised the retirement age to at least 50 years, up from the previous age of 40.

With the major crises of the past few years over, efforts to introduce taxation and curb extensive government spending through decreased subsidies are still on track. Since 2015, Emir Tamim has consistently emphasized that the government can no longer “provide for everything” and that the nation’s “simple social welfare policies” must transition to “a proactive state” by empowering its citizens. As a result, subsidy cuts have been implemented, leading to increased utility rates, gasoline prices and postal service costs. The NDS (2018 – 2022) places great importance on reducing expenditures and streamlining the welfare state while also ensuring that all planned projects for the 2022 FIFA World Cup were completed on time – which was largely achieved. The IMF recommends further subsidy cuts to utilities and energy.

Article 19 of the constitution provides equal opportunity for all citizens. Article 35 enshrines gender, racial, linguistic and religious equality. According to the Ministry of Development Planning and Statistics (MDPS), the overwhelming presence of male expatriate workers, mainly in the construction sector, resulted in a population of Qatar that was over 72% male in mid-2022. Due to the extreme gender imbalance of the foreign workforce, only 16% of the total working population is female, although that percentage has continuously risen in the last few years. The blockade had the unintended positive consequence of increasing female participation in the private sector by four times, as stated by the Qatar Chamber. Overall, while labor force participation is on the rise, it is still significantly lower (albeit rising) for women (61.4%) than for men (95.3%).

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 female. Many factors explain this phenomenon. First, a significantly higher percentage of male than female 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 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 branch campuses in Education City are coeducational. However, the enrollment of Qatari nationals at all branch campuses is a fraction of the total enrollment of Qatari nationals at Qatar University.

Equal opportunity



There are no legal obstacles to political participation for women, but Qatar is still a male-dominated society when it comes to political participation. Currently, three women head ministries – the Ministry of Social Development and Family, the Ministry of Public Health, and the Ministry of Education and Higher Education. However, women do not fare well in elections. None were elected in the first elections to the Shura in 2021. The emir appointed two women as members, but women won only two out of 29 seats on the Central Municipal Council (CMC). Currently, there is no female CMC member. However, some women are highly respected in the political sphere. Shaikha Bint Yousif al-Jufairi, one of the two female winners, won her seat by the highest margin among all CMC winners. She has now been shifted to the Shura as one of the appointed members.

While most gender discrimination is rooted in culture, discrimination based on nationality and citizenship status is legally sanctioned and actively encouraged. As part of the Qatarization process, 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 world's third-largest proven natural gas reserves, behind Russia and Iran, and is highly dependent on the strengthening of the hydrocarbon sector. Due to its vast gas reserves, Qatar is not as vulnerable as its neighbors to short-term oil price volatility, nor is it bound by OPEC quotas since its exit from the organization in 2019. Its gas is especially sought after following the global divestment from Russian gas since the country's invasion of Ukraine.

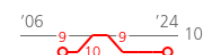
Nonetheless, in the last few years, Qatar has diversified into non-hydrocarbon sectors, which in 2022 accounted for about 62% of total GDP. While the pandemic led to a budget deficit of about -2.1% in 2020 (still much lower than all its neighbors), the budget has gone into surplus again in 2021 and 2022 (0.2% and an estimated 13.5% of GDP, respectively). From its lowest point of -2% of GDP, the current account balance rose to 14.7% in 2021 and 21.2% in 2022. It is expected to rise even further in 2023.

GDP growth was negative during the pandemic year 2020 at -3.6% but grew again in 2021 to 1.6% and to 3.4% in 2022. The IMF estimated that the economy contracted by about 2.5% in 2020 due to the global impact of the pandemic. This 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 ago, sank in 2020 to \$89,000 (in constant 2017 U.S. dollars), its lowest, but rose to \$92,900 in 2021 and is expected to rise further to pre-crisis levels.

Output strength

9



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Despite unemployment growing due to the triple effect of low oil prices, the blockade and the pandemic, it still remains negligible. The CIA World Factbook estimated unemployment at 0.26% in 2021. Qatar’s small population and abundant resources allow the government to create jobs in the public sector. These jobs often do not require a college degree and offer significant perks, high salaries, job security and prestige. As a result, Qataris have little incentive to work in the highly competitive private sector. However, the country is also focusing on promoting private sector growth and opening up the economy to international companies.

In response to the pandemic, the Ministry of Finance instructed the government and government-funded institutions to reduce their wage bills for foreign employees by 30%. This reduction was achieved by either cutting salaries or decreasing the number of employees. With expected revenues increasing, Qatar has increased the wage and salary budget for 2023 by 6.3% compared to 2022. Overall, planned expenditures for 2023 are 2.6% lower than in 2022, as major projects related to the World Cup have already been completed.

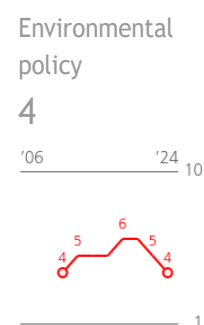
As of 2021, public debt was 58% of GDP. However, according to the IMF, it is projected to decrease to 43.4% in 2023, thanks to a disproportionate increase in GDP following the Ukraine crisis.

Qatar introduced an excise “sin tax” in 2019 that targets sugary drinks, tobacco and other consumer goods linked to negative public health outcomes. The tax burden currently is 14.7% of total domestic income. While implementation of the planned value-added tax (VAT) has been delayed, taxes are anticipated to increase following its introduction, which is projected to take place in the near future. To oversee tax collection and compliance, Qatar established the General Tax Authority (GTA) in the Ministry of Finance (MoF) in January 2019.

12 | Sustainability

Qatar has a long way to go to achieve a sustainable environmental policy, but there is growing awareness of environmental problems in the 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 – for example, the Qatar Today Green Award and Qatar Sustainability Week, held for the seventh time in October 2022, and the Tarsheed (Guidance) campaign. However, progress is limited, especially among citizens. According to Qatar’s Environment and Energy Research Institute (QEERI) survey from August 2021, 71% of Qatari men and 58% of Qatari women do not recycle.

The NDS (2018 – 2022) places strong emphasis on sustainable development. Qatar aims to reduce its carbon footprint by 2030. Plans are underway to achieve this – including the buildup 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, have been operational since 2019. Additionally, despite being the most water-stressed country in the world, according to the Aqueduct Water Risk Atlas in 2019, Qatar ranks 25th in terms of water resources thanks to its wastewater management and desalination technology.

Nonetheless, many policies have headed in the wrong direction. Despite its announcements of the World Cup as “carbon-neutral,” the impact of building, waste and energy consumption had a significant negative effect on the environment. The adverse impact on the environment resulted from the main infrastructural projects – including seven new stadiums – and the additional 160 ferry flights per day, mostly from neighboring countries, to accommodate all the guests. Qatar has fallen to 137th out of 180 countries in Yale University’s Environmental Performance Index 2022 and is among the last in climate policy. It has one of the highest ecological footprints in the world, even excluding the actual impact of the World Cup, which was not included in the calculations. If the world’s population lived like Qatar in 2022, the Earth’s Overshoot Day in 2022 would have arrived as early as February 10, the earliest date in that year.

This is not only due to the overabundance of hydrocarbons per se but also to the use of fossil fuels for generating electricity, desalinating water, processing natural gas and engaging in general wasteful consumption. Both water and electricity are often wasted, as citizens receive them for free. The situation is further exacerbated by low fuel prices. In fact, Qatar’s water consumption per capita is among the highest in the world. The need for self-sufficiency in food production, brought on by border closures during the blockade, has increased the ecological impact of the already-resource-intensive agriculture, which heavily relies on water, energy and fertilizers. Qatar has one of the highest rates of fertilizer consumption worldwide. The government, in collaboration with the Qatar Environment and Energy Research Institute (QEERI), is currently working on solutions and policies to curb this trend. Despite the negative impact of the World Cup on sustainability, it nonetheless provided engineers and architects with opportunities to construct and implement more sustainable solutions than would have been possible without any stated sustainability goal.

Qatar aims to be a leader in higher education and scientific research, both regionally and internationally. The nation continually raises its investment in the sector in order to transform the resource-rich economy into a knowledge-based one. However, while the massive resources invested in education and technology guarantee a high-quality infrastructure, they do not always produce high-quality human capital – an assessment shared by the 2022 Global Innovation Index (GII). Although the overall literacy rate is almost 99% and education is consistently one of the government’s top three priorities, relative spending falls below the global average. The share of expenditure on education increased to 9% of the total budget for 2023, which amounts to 3.2% of GDP, compared to 4.3% globally. R&D expenditure has not significantly changed in recent years and remains at a low 0.5% of GDP.

Education policy /
R&D

7



Qatar's leadership has sought international assistance to formulate educational reform policies and to establish new academic institutions and research centers under the auspices of the Qatar Foundation. It has also implemented several prominent projects that highlight Qatar's dedication to education, including the Qatar Science and Technology Park and the Sidra Medical and Research Center. The Sidra Medical and Research Center, the country's first academic medical center, became fully operational in 2018. Furthermore, Education City, which is emblematic of Qatar's educational aspirations, houses eight international universities (American, French and British) and one Qatari university.

However, all of this cannot conceal the fact that the education system fails to produce the desired results. Some Qataris question whether the standards of the foreign "branch" campuses are on par with those of the main campuses and if the high cost of these universities justifies the relatively low number of Qatari students attending. Additionally, there is a concern that the heavy emphasis on English in these institutions undermines the importance of Arabic, leading to the emergence of a Western-educated elite disconnected from the majority of the Qatari population. The education level of graduates, particularly in scientific and mathematics disciplines, is frequently deemed insufficient.

There is a disproportionate focus on tertiary education at the expense of pre-college education. At the tertiary level, switching to Arabic as the medium of instruction at Qatar University has significantly lowered the quality of teaching. High-quality teachers are only hired if they are native speakers of Arabic, with exceptions in some departments. These factors contribute to Qatar's underperformance in international rankings on education and research, causing it to fall behind some neighboring countries. However, Qatar has made efforts to improve this situation and has achieved some success. Since 2020, it has risen from 106th to 7th out of 132 countries in the Global Innovation Index (GII) 2022 for education. In tertiary education, it has also climbed to 10th (from 46th in 2020). Additionally, Qatar has improved its ranking in research and development, moving up to 65th in the GII 2022. Qatar excels in general infrastructure and access to information and communication technologies. It boasts the highest percentage (99.7%) of internet users worldwide among the adult population. However, according to the 2021 U.N. Education Index, Qatar's score of 0.684, while an improvement from previous years, remains mediocre, and the GII 2022 reports that Qatar's innovation output falls below expectations, considering its level of input.

Governance

I. Level of Difficulty

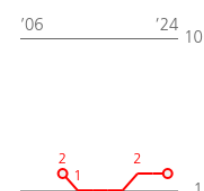
The World Risk Report of 2021 continues to identify Qatar, out of 181 countries worldwide, as the least vulnerable country to natural disasters. The budget surpluses have mostly been so huge that they could easily offset the extremely hot climate and lack of agricultural land, forests and water. The deficits of recent years have not seriously hampered management ability. Poverty (among citizens) is still unheard of in this tiny Arab Gulf state, and the effects of the pandemic have mostly vanished, as indicated by the canceled anti-pandemic measures and shrinking hospitalization rates.

The only external constraints are hydrocarbon prices and Qatar's tiny size, combined with its geostrategic location between Saudi Arabia and Iran, which proved problematic during the blockade. However, neither the blockade (officially over since January 2021) nor the pandemic caused irreparable damage to the country. In fact, the former turned out to be a blessing in disguise in the long run, as it has pushed Qatar to diversify its imports, created domestic investment opportunities and generated political capital that enabled the ruling regime to carry out tough structural reforms and weather the adverse effects of anti-pandemic measures.

Traditions of civic engagement in Qatar are underdeveloped, even by 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 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-governmental organizations. Still, the rally-around-the-flag effect, induced by the blockade, the pandemic and the World Cup, has brought citizens closer together and will probably have a formative effect on Qatar's emerging civil society.

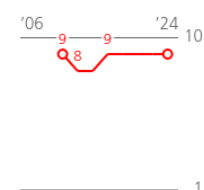
Structural constraints

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Civil society traditions

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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 into society, and wealthy Shi'ite businessmen fully support the Sunni ruling family. However, as Hanbali Muslims, many Qataris hold strong negative opinions about Shi'ites.

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. The Shura elections unveiled long-standing but latent conflicts between "native" and "naturalized" Qataris, especially among the Al Murrah tribe, which has long had a contentious relationship with the state but did not result in long-term or violent conflict. With the blockade gone, Qatar ranks 23rd in the 2022 Global Peace Index out of 163 countries, the only MENA country among the top 25 peaceful countries globally, with the indicator for political instability having improved by 28.6%.

Conflict intensity

2

'06 _____ '24 10



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. The hydrocarbon price shock and the blockade further 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 it has not ended them. Diversification, away from overreliance on hydrocarbon revenue and foreign workers, are core aims and have received even greater urgency in the shorter-term five-year plans, the most recent being the NDS (2018 – 2022); the next plan is being finalized at the time of writing.

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.

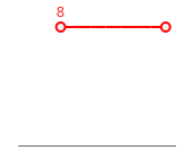
Question

Score

Prioritization

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Since Qatar is an authoritarian monarchy, the small governing body is unrestricted in implementing its policies. Limited 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. Public opinion on controversial issues like the sale of alcohol has forced the government to change its policies.

The diversification of the economy is an ongoing process. During the intra-GCC conflict and 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. Rapprochement with its OPEC neighbors has not led to a rejoining of the organization; in fact, Energy Minister Saad al-Kaabi stated in October 2021 that “absolutely nothing would bring us back” because it does not fit with Qatar’s strategy.

The 2022 FIFA World Cup redirected the government’s development priorities. Qatarization still progresses at a slow pace. Though the government has declared its determination to implement the second NDP (2018 – 2022), the repeated postponement of the government’s pledged reforms, first due to the blockade and then due to the pandemic, has created doubts about its intentions to implement the VAT as all other GCC countries, with the exception of Kuwait, already have.

The realization of the national elections to the Shura Council has bolstered the government’s credibility. Potentially painful policies that the government has prioritized, such as the massive expenditure cuts announced in the wake of the oil price crisis and immediate restrictions in response to the pandemic, have been, for the most part, swiftly implemented. In the last few months and years, even much of the kafala system has been dismantled, despite the pessimism of external observers.

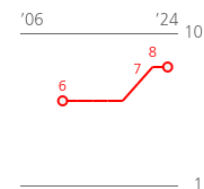
A major win for Qatar was hosting the World Cup in November 2022, despite numerous threats to withdraw hosting rights. To achieve this goal, Qatar employed enormous resources and made some concessions (e.g., labor law reforms, allowing Israeli guests and journalists to fly in directly), while standing its ground on other issues, even if that meant renegeing on concessions previously made regarding the sale of alcohol and a softening of its anti-LGBTQ+ stance.

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. Its reaction to the pandemic was also swift and decisive and resulted in a minimal impact on public health and the economy.

Qatar has curbed its foreign policy activism. Its response to the blockade 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, Qatar refocused its efforts on promoting economic self-sufficiency,

Implementation

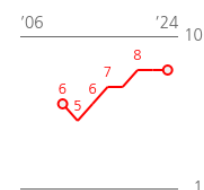
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Policy learning

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establishing new trade partnerships (especially with large Asian countries) and expanding existing partnerships (e.g., with Western states, Türkiye, Iran and Pakistan).

Consistent efforts toward self-reliance were employed in the food sector. For example, Baladna, a Qatari company, developed its dairy production business from scratch and even started exporting in June 2019. Qatar plans to meet 70% of its vegetable demand domestically, which was almost completely met by imports before the blockade. It is already well on its way to achieving that goal, with almost 46% of vegetables grown domestically as of 2022, up from 30% in 2020. As of January 2023, Qatar had already produced more tomatoes and cucumbers than needed for domestic consumption. Food self-sufficiency thus continues to be a strategic priority, even after rapprochement with its neighbors.

In general, both domestic and international agencies are consulted during policymaking. Most 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 have so far had limited power to make enforceable decisions, but given the current political structure, powerful individuals can influence policy formulation and implementation.

While policy learning due to economic pressure appears consistent and long-term, flexibility and accommodation to demands before the World Cup are short-term and instrumental. With that event over, a major incentive for Qatar to instigate policies in line with external (especially Western) demands and notions is now absent.

15 | Resource Efficiency

The blockade has sharpened the need for efficiency in Qatar. The NDS for 2018 to 2022 called 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% over the past three years, it is likely to decline given that peak construction for the FIFA World Cup 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 Qatarization is that the 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. After a few years of budget deficits due to external shocks, budget surpluses have become the norm again. Debt, while high, remains manageable at 58% of GDP in 2021 and is expected to fall to 43.4% in 2023, with

Efficient use of assets

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most major building and infrastructure projects completed and hydrocarbon prices soaring. Under the assumption that the bulk of a budget surplus will be allocated to the sovereign wealth fund, the IMF estimates debt at 33% of GDP in 2024.

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, although public awareness is still low. Economic pressure in the last few years has catalyzed attempts to promote bureaucratic reform and reduce the size of ministries and state-funded institutions. However, there is a tendency to return to big spending after the crisis, an example being the ballooning wage and salary bill in the 2023 budget. Still, the country ranks seventh out of 63 countries in government efficiency in the IMD World Competitiveness Yearbook 2022.

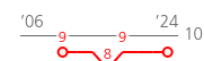
Given the tiny size of the territory and the small population, Qatar’s centralized structure is usually effective at implementing policies. In the GII 2022 “Government effectiveness” index Qatar was ranked 34th out of 132 countries. The government has managed past crises remarkably well. It persisted 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 after 11 days (in comparison to 53 days in 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 with external pressure from the international community, although changing policies in the run-up to the World Cup led to criticism from all sides.

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 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 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, an Administrative Control and Transparency Authority was set up to trace power and money abuses. According to the Worldwide Governance Indicators, Qatar’s score regarding control of corruption dropped slightly from 79.3 in 2019 to 78.85 in 2021.

Policy coordination

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Anti-corruption policy

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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 Government Defense Integrity Index of 2020 was at “critical” risk for corruption due to a lack of oversight and accountability. There are close to no measures for combating corruption outside the country, as in the allegations that Qatar bribed foreign officials, for example, in the cases of the World Cup and Qatargate.

Anti-corruption institutions are also flawed. The head of the State Audit Bureau, although currently not an Al Thani member, is appointed by the emir, and the reports of the body are not made public. The National Committee for Accountability and Transparency, established in 2007, does not even have a contact address. Laws to protect whistleblowers, anti-corruption watchdogs and non-governmental anti-corruption agencies are practically nonexistent and public access to information is restricted.

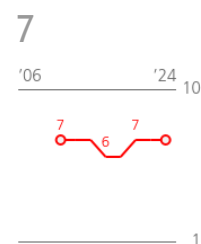
While there is a high degree of disapproval in society toward bribery, “wasta” – patronage and nepotism leading to personal gains – is not viewed as corruption. On the contrary, social and tribal relations are viewed as central to maintaining the social fabric. Maintaining confidence and secrecy is vital 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 authoritarian 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 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 being awarded the 2022 World Cup and ahead of the Shura elections. 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.

Qatar’s economy is getting more and more integrated into the global economic system and has 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

Consensus on goals



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 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. The partially elected Shura Council might also lead to acclimatization to electoral processes and accountability. However, even if this continues, demands for change would be careful and gradual, at best.

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 Gulf crisis and external criticism before and during the World Cup. 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. However, the restrictive election law affecting the Shura elections unearthed some latent conflict regarding different classes of citizenship. While the protests were short-lived, future elections might provide new triggers for citizens disgruntled with unequal treatment.

The biggest concern, however, remains 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.

Anti-democratic actors

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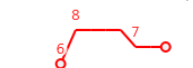
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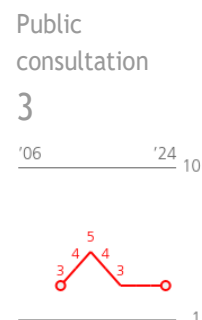
Cleavage / conflict management

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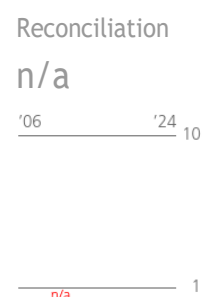
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In the authoritarian monarchy, the importance given to civil society is minimal. But due to growing international pressure, Qatar would like to be seen to be relaxing (and has promised to relax) its restrictions on civil society organizations. However, there is no official encouragement of civil society activities but instead a lack of cooperation between CSOs and government institutions, as regular studies show. The pandemic has not changed that situation in a meaningful or permanent way, although NGOs like the Qatar Charity and Qatar Red Crescent Society were instrumental in providing support, especially to migrant communities.

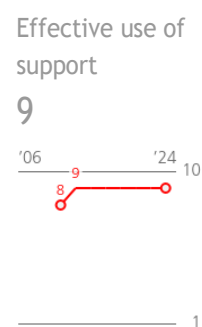


As punishment for their presumed involvement in a 1996 coup attempt, more than 5,000 members of the Al Murrah tribe were temporarily stripped of their Qatari citizenship in 2005. It was returned to all but 200, including members of the al-Ghufran clan who remain stateless today, meaning that they are 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. Twenty-one members of Al Murrah, who had been 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. While the conflict was smoothed over, tensions re-erupted following the passing of a restrictive election law in the lead-up to the Shura elections in October 2021, leaving thousands of “nationalized” citizens (many among them Al Murrah members) unable to vote or run for office, leading to protests in August and September 2021. Four protesters were sentenced to prison, including two for life – both members of that tribe. Khalifa bin Hamad Al Thani, the emir’s brother, has visited the tribe to alleviate tensions, and the government has hinted that there may be changes to the law before the next elections. Apart from this, no major historical injustices have happened in the modern history of Qatar.



17 | International Cooperation

Qatar has sought international assistance in order to develop the nation and prepare it for a post-oil period. Several top international universities have been invited to open campuses in Education City, and 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 in the country, including the ambitious Doha metro system that launched in 2019, tram lines connecting Education City that also transported 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.



While the country welcomes the 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). But it has been successful in leveraging ad hoc alliances for common issues. On the other hand, in response to the blockade, Qatar efficiently leveraged international help, especially from Iran and Türkiye, which jumpstarted the development of a 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 have been restored and trade barriers lifted. Renewed cooperation on the GCC level has intensified, as seen in reenergized trade relations but also tight cooperation ahead of and during the World Cup regarding transportation, accommodation and tours. In addition, the Gulf countries' cooperation on the basis of their shared conservative values has also intensified, as seen, for example, in the collective GCC warning concerning Netflix regarding content “contradicting Islamic and societal values.”

Credibility in the economic and financial realms is high, 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:

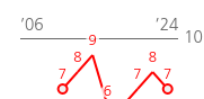
- a) its alleged support of the Muslim Brotherhood in various Arab Spring countries and accusations that the country “financed terrorism,” amplified by the Gulf crisis,
- b) concerns over corruption in the country's successful 2022 FIFA World Cup bid, and
- c) the way it seemed to drag its feet in human and labor rights reforms.

Yet, Qatar mostly maintained a moderate course during the blockade with frequent calls for reconciliation (in contrast to the hardline 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 they had made since 2017.

Domestic reforms, on the other hand, have only occurred partially and slowly. The VAT, already in effect in all GCC states except Kuwait, has yet to be introduced. However, the long-awaited elections to the Shura Council finally took place in October 2021, bolstering the government's credibility in terms of pursuing reform. The pandemic was also handled relatively well, with a quick response, widespread testing and free health care for those affected, regardless of citizenship status.

Credibility

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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 World Cup award, produced slow but significant progress. The kafala system has been mostly dismantled and further reforms are awaited, although significant problems persist. Even international watchdogs like Human Rights Watch and the ILO have admitted the significance of the reforms.

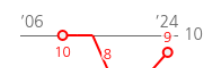
The concessions ahead of the World Cup have proven to be a mixed bag. While external (mainly Western) pressure helped along labor reform and led to concessions like Israel's participation, other agreements were broken – for example, the sale of alcohol and acceptance of LGBTQ+ rights. However, the government was able to manage these dexterously. While the corruption allegations regarding the FIFA bid have returned to the background, the Qatargate scandal generated fierce criticism, especially among Western countries.

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 on. Qatar has maintained amiable relations with most of its neighbors for the better part of its existence, although there were also 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 with Iran and has strengthened its relationship with its controversial neighbor since its GCC peers closed their borders.

However, its perception as an honest (and financially generous) broker was shattered by 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 overextending its reach, eventually leading to Saudi Arabia and the UAE quickly taking over the reins and attempting to marginalize Qatar. When the crisis erupted in June 2017, the blockading countries accused Qatar of interference in their internal affairs, supporting terrorism and maintaining excessively close relations with the Muslim Brotherhood (considered a terrorist organization by Saudi Arabia and the UAE since 2014), Iran and Türkiye. 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 and corruption claims

Regional cooperation

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surrounding Qatar's World Cup bid, soured relations between Qatar and the international community, especially Western states. While Qatar caved to external pressure regarding some reforms, the local sentiment that the pressure was too much and hypocritical grew, given that many Western countries have their own problems with human rights and that some of Qatar's neighbors have done much less in terms of labor rights reform, like the UAE, and have not faced the same level of criticism.

In the eyes of the international community, Qatar regained some credibility and sympathy due to its relatively measured approach to the Gulf crisis (in contrast to the histrionics of the blockading countries) and was 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. Its ties to the Taliban proved valuable in supporting the coordination of evacuation attempts following the Taliban's takeover of Kabul in August 2021.

The blockade was lifted. Formal relations were established between Qatar and the blockading states, and closer relations followed. However, competing foreign policy interests regarding political Islam, Iran, Türkiye and Israel persist and may lead to future tensions. Especially the rivalry with fellow small GCC monarchy 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, and periodic disputes emerge as, for example, when Qatar accused the UAE of instigating the "Qatargate" scandal regarding bribes to the European Parliament. 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 still improbable.

Strategic Outlook

In the past decade, Qatar has successfully navigated numerous challenges, including the potential contagion of the Arab Uprisings of 2011, the global oil price collapse, a blockade imposed by its closest neighbors, the COVID-19 pandemic, and heightened attention and scrutiny preceding the 2022 FIFA World Cup. Its success can be attributed not only to Qatar's considerable resource wealth but also to the leadership's strategic approach to turning challenges into opportunities.

For instance, the blockade by neighboring countries became a catalyst for diversifying and bolstering the sustainability of the Qatari economy. Although some progress toward sustainability was set back by necessary reprioritization during the pandemic and the less-crucial, grandiose projects related to the World Cup, there are now few distractions, allowing Qatar's leadership to focus on critical issues like education and the environment while continuing economic reforms aimed at diversifying trade and revenue sources.

The recent surge in the emir's popularity has provided the political capital needed to implement some challenging structural reforms, such as ending fuel subsidies and expanding the rights of migrant workers. However, relations with the former blockading countries require ongoing attention, as the potential for conflict remains if reconciliation is not followed by expanded cooperation and consensus-building measures. It is vital to approach reconciliation as a joint decision for the common good rather than viewing it as a "win." This presents an opportunity to enhance GCC economic integration by reviving infrastructure projects like the GCC railway network.

Despite significant reforms to the kafala system since September 2020, the situation of migrants in Qatar remains precarious. Sustaining the momentum of reform to eliminate all forms of legalized labor market discrimination will benefit Qatar in the long run. The recent Shura elections have highlighted the challenges of maintaining different "tiers" of citizenship and granting varying rights, because this can lead to social tensions. As Qatar's oil and gas revenues decline, a highly educated and domestically grown workforce that identifies with the country's well-being will be crucial for maintaining the high standard of living. Given the small population base, an inclusive integration policy involving foreign workers is an economic imperative. However, it is essential to address legitimate political and security concerns in any rapid movement toward integration, considering the significant demographic imbalance that makes many citizens feel like a vulnerable minority in their own state.

While the development of a Qatari national identity has engaged the population in the country's future, it has not yet translated into demands for increased citizen participation in politics or a more active civil society. There is currently no discernible trend toward meaningful democratization. To foster political development, Western partners should support any steps Qatar takes in the direction of democratization while being mindful of the pressure they exert on Qatar to reform. Qatar's social contract still predominantly revolves around government-provided

welfare and a high standard of living in exchange for political acquiescence to the rule of the Al Thani family. While drastic actions like stripping Qatar of its 2022 FIFA World Cup hosting rights were avoided, criticism and pressure directed at the country, without comparable pressure on other GCC countries with similar sociopolitical discrimination, have fueled national narratives of victimization, injustice and hypocrisy. Some critics have raised concerns about appearing to align with an undemocratic and repressive regime. Striking a delicate balance between pressure for reform and maintaining constructive partnerships has largely been successful. With the World Cup now concluded, a significant leverage point for Western partners has vanished. Conversely, Qatar's position has grown stronger, bolstered by increased demand for gas and LNG following Russia's full-scale invasion of Ukraine. Qatar should aim to avoid controversies like the bribery scandals associated with the World Cup and "Qatargate."