

BTI 2010 | Qatar Country Report

Status Index	1-10	6.06	# 49 of 128
Democracy	1-10	4.20	# 90 of 128
Market Economy	1-10	7.93	# 18 of 128
Management Index	1-10	5.53	# 52 of 128

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

This report is part of the Transformation Index (BTI) 2010. The BTI is a global ranking of transition processes in which the state of democracy and market economic systems as well as the quality of political management in 128 transformation and developing countries are evaluated.

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Key Indicators

Population	mn.	1.1	HDI	0.91	GDP p.c.	\$	-
Pop. growth	% p.a.	12.8	HDI rank of 182	33	Gini Index		-
Life expectancy	years	76	UN Education Index	0.89	Poverty ²	%	-
Urban population	%	95.6	Gender equality ¹	0.38	Aid per capita	\$	-

Sources: UNDP, Human Development Report 2009 | The World Bank, World Development Indicators 2009.

Footnotes: (1) Gender Empowerment Measure (GEM). (2) Percentage of population living on less than \$2 a day.

Executive Summary

The period under review was marked by the continuation of Qatar's unique development, which began in 1995. On the one hand, political and economic reforms were carried forward, which made the tiny emirate an important player in energy supplies and international diplomacy. The standard of living for Qatari nationals, including political and personal freedoms, was further enhanced. On the other hand, rising conflicts with expatriate workers led to more open demonstrations. The improvement of political and personal liberties and rights was dramatically illustrated by the official consecration of the first Catholic church on Qatari territory in March 2008.

The Central Municipal Council, a consultative body with no real power, was elected for the third time in 2007, increasing the number of women in this 29-member local administrative council from one to three. The parliamentary elections, originally scheduled for 2004, remain postponed as of the date of this report. A new election law from May 2008 has brought no improvement thus far. In the judiciary, an Administrative Court and a Constitutional Court were established in 2007.

Qatar successfully improved its regional relations and positioned itself as a central broker in the Israeli-Palestinian conflict. Relations to Saudi Arabia clearly improved with the re-delegation of a Saudi ambassador to Doha in 2008 (the ambassador had been withdrawn in 2002). In December 2007, Mahmud Ahmadinejad was the first Iranian President ever to be officially invited to the Gulf Cooperation Council (GCC) summit in Doha, and in April 2008, Israeli foreign minister Tzipi Livni was officially invited to the Doha "Democracy Forum." These two examples demonstrate how the government of Qatar is willing to stretch or defy the conventional understanding of international relations in the GCC, if it sees fit to do so.

The country's economic situation is impressive. Qatar is one of the richest countries in the world, and analysts expect only minor effects from the current global recession, thanks to

Qatar's huge gas and liquidity reserves. Vodafone's entry into the lucrative mobile telecommunications market in March 2009 was the most significant privatization activity, making Vodafone the first competitor for government-owned QTel. The transformation of Qatar into a knowledge-based society continued with the welcoming of the sixth U.S. university to "Education City" outside Doha in fall 2008. The high inflation rate of around 15% in 2008 was problematic; causes included the influx of foreign workers as well as the pegging of Qatar's dinar to the U.S. dollar.

History and Characteristics of Transformation

The history of the modern state of Qatar starts with a dispute. During the years in which British troops and forces gradually withdrew from their former colonies and protectorates (1968-1971), Qatar negotiated with Bahrain and the United Arab Emirates in an attempt to create a joint federation. These negotiations failed, leading Qatar to declare its independence on 1 September 1971. Reigned by Emir Khalifa Al Thani (in power since 22 February 1972), Qatar remained an absolute, authoritarian monarchy without any elements of a liberal democracy. On 27 June 1995, Sheikh Hamad bin Khalifa Al Thani, son of the emir and crown prince since 1977, removed his father from office in a bloodless coup and has been in power since. But, in contrast to his father, Sheikh Hamad initiated many changes, most of which have had an impressive impact on Qatar's political and economic system, as well as its society. First and foremost, the creation of Al-Jazeera Television in 1996 was a milestone for the media development in the whole Arab world. Backed by the emir both financially and politically, new broadcasting formats such as live debates or discussions of formerly taboo topics such as discrimination against women, sexuality or mass poverty brought pressure to bear on the individual national media systems and led to the introduction of freer media throughout the Arab world. Second, the country's first elections were held in 1999 (for the Central Municipal Council), and women were allowed both to vote and to be elected; even though no women were elected to the council, the simple fact of their equal voting rights was groundbreaking for the other countries in the region.

The approval of the new constitution in 2005 brought further improvements. It formalized many basic rights for Qatari citizens and established a power-sharing system between executive, legislative, and judicial branches of government. Also, the establishment of a (partially elected) parliament was written into the constitution. Even though the elections have not yet taken place, this can be seen as a milestone on Qatar's way to democracy, notwithstanding the fact that the emir's absolute power will not be contested, as most members of parliament will still be supportive of the ruling family. At present, the emir (as head of state) appoints all ministers, including the prime minister and the 35 members of the Advisory Council, a "quasi-parliament" with a purely consultative function. The absolute monarchy is hereditary, and the emir's fourth eldest son, Tamim bin Hamad Al Thani, is the current heir apparent. One of the emir's three

wives, Sheikha Mosah Bint Nasser al-Missned, is extremely politically active in comparison with other “first ladies” in the Gulf countries, and she can be viewed as Qatar’s “Suzanne Mubarak,” who fulfills similar tasks and duties in Egypt.

Economically, Qatar has successfully started to transform its former rent-based economy into a knowledge-based, service-oriented society. Thanks to its vast gas reserves, it has one of the highest per-capita incomes in the world. The country has invested heavily in higher education, as is evidenced by a collection of six world-class universities on the “Education City” campus in the outskirts of Qatar’s capital city of Doha. Approximately 70% of these university students are female.

Sheikh Hamad bin Khalifa Al Thani received some military training in the United Kingdom and is seen as a member of the “new generation” of Persian Gulf leaders who are open to new ideas and display a certain commitment to democratic values. However, it must be clearly stated that, despite its progress, Qatar is still an autocratic system, and nothing can happen against the will of the ruler and his family. Therefore, one might speak of a “system reformation,” but definitely not of a “system transformation.”

Transformation Status

I. Democracy

1 | Stateness

The Qatari government controls all areas of the country with its military and police forces. The police, with its 8,000 staff, are under the control of the Ministry of the Interior and provide domestic security together with the secret police and the army's intelligence unit. Sites of crucial importance, especially industrial plants in the oil and gas sector, are monitored and protected by special forces units under army command. There are no possible "anti-regime forces" among the security personnel. However, as history has repeatedly shown, coup d'états by members of the ruling family supported by the security forces are not impossible – the current leader, Sheikh Hamad bin Khalifa Al Thani, as well as his predecessor, Sheikh Khalifa bin Hamad Al Thani, came to power through (bloodless) coups.

Monopoly on the use of force

The small population of native Qataris, who comprise approximately 200,000 of the country's total population of 1.4 million, are homogeneous in their attitude toward their state. Thanks to the country's extensive wealth, most people are not really interested in politics. Due to the liberal course of action over the last decade, however, there are some in conservative-religious circles who view recent changes, such as the availability of alcohol in selected hotels or the advanced status of women (at least compared to countries such as Saudi Arabia), as violations of their own religious beliefs. In February 2006, the authorities restored Qatari nationality to most of what were once the 6,000 members of the al-Ghufran branch of the al-Murra tribe, who were accused of supporting coup attempts in 1996 and 2002. Even more difficult is the situation of the Bidoon (Arabic for "without (nationality)"), a small group of stateless former Bedouins whose demands for Qatari passports have been rejected.

State identity

Expatriate workers have almost no "personal connection" to the country and therefore lack any meaningful state identity. Their political rights are restricted and they often suffer from poor treatment. In June 2007, 300 Nepalese construction workers went on strike for higher salaries and health insurance, and they were expelled by the authorities. In a separate incident at the end of 2007, the Indian Embassy took action to support Indian workers in their complaints about non-

payment of wages. In January 2008, Qatari officials signed an agreement with the government of Bangladesh that established a joint committee to deal with questions regarding some 70,000 Bangladeshi workers.

While the majority of the indigenous Qatari population adhere to a comparatively liberal version of Wahhabi Islam, a remarkable share of the foreign residents have different religious beliefs. Until recently, public worship by non-Muslims was prohibited, but this has slightly changed with the consecration of the first Catholic church in Doha in March 2008, which was built on a parcel of land granted personally by the Sheikh. The number of Catholic Christians in Qatar (mainly expatriates) is estimated at 100,000. In addition, churches and temples for Hindus, Buddhists and Bahais are currently under construction. Proselytization by non-Muslims is still forbidden. When the organizers of an annual inter-faith conference announced their plans to invite Jewish participants, their actions provoked an outcry. It is unclear how far this “new openness” of the emir and his administration will lead to resistance among leading Wahhabis, but it is highly likely that dissatisfaction and opposition are growing among conservatives. Thus far, however, they have exerted no noticeable influence on the government’s policies.

No interference of religious dogmas

The basic administration is well developed and works efficiently. All of the functions of an effective state administration are fully implemented, such as courts, tax collection, etc. The government offers a comprehensive online presence where citizens can request administrative services. In fact, the country has moved up nine positions in a World Bank ranking between 2005 and 2008 with respect to its e-government readiness index. Moreover, as a fine step toward increased transparency, Qatar joined the IMF’s General Data Dissemination System (GDDS) in 2006.

Basic administration

2 | Political Participation

The very first elections in Qatar were held in 1999 when all adults were asked to elect the 29-member Central Municipal Council, which is supposed to support the Ministry of Municipal Affairs and Agriculture. Women were allowed to both vote and run for the elections, which was, at least at that time, relatively progressive when compared to regional standards. While no women were elected in the 1999 round, this changed with the follow-up election in 2003 when Sheikha al-Jufairi became the first woman to be elected. The latest elections in 2007 resulted in three women holding seats in the council. Voter turnout peaked at only 51%.

Free and fair elections

The new constitution, proposed by a commission in 2002 and accepted in a public referendum in March 2003 by an overwhelming majority (96.6%), provides for general elections for two-thirds of the members (30 out of 45) of a unicameral parliament. Originally scheduled for 2004, these elections have been postponed indefinitely due to administrative difficulties, and it is still unclear if the elections

will be held in the near future. A new election law, formally adopted in May 2008, has not yet solved the problem, though hopes were high that it eventually paved the way for the elections.

The parliament is supposed to replace the 35-seat Advisory Council, whose members are all appointed by the emir.

Since Qatar is a hereditary monarchy, the government is not democratically legitimized at all. However, the ruling family faces no serious opposition, as the majority of the population are content with their life and do not see any necessity for political interference. There are no identifiable veto players among the security forces, the judiciary or similar influential groups. In August 2003, the emir clarified the line of succession, stating that the heir apparent must be chosen from the emir's male descendants; in the event that there is not a son who is capable of running the country's leadership, a "family council" will be responsible for designating a new leader when the emir passes away or is no longer able to fulfill his duties.

Effective power to govern

Notwithstanding some new legislation, freedoms of association and assembly are still limited. Although individuals are allowed to organize demonstrations and public gatherings, they always have to ask for a governmental permit – an obstacle that makes it almost impossible to demonstrate against sensitive topics, such as the U.S. military presence in the country or the legitimacy of the emir and his family. Political parties and trade unions are prohibited, so there are no political association rights to speak of. Non-Islamic religious groups (especially Christians, but also Hindus, Buddhists, and Bahais) are more and more free to meet in their own churches and temples for their religious services.

Association / assembly rights

Even though Freedom House ranked Qatar only at 64 in its 2008 Freedom of the Press index, the country has made remarkable progress in freedom of expression and press diversity since the Sheikh Hamad's assumption of office in 1995. He was the first leader in the Arab world to abolish his country's Ministry of Information, which served to direct and censor the national media. Also, he established and supports the Al-Jazeera network with an estimated annual \$30-40 million. With its new broadcasting format, the network quickly became a model for other Arab television stations. Assessments vary as to how far Al-Jazeera is permitted or able to criticize or discuss matters relating to the emir and the ruling family; however, it is clear that other political leaders are subject to heavy criticism on the network. Even though this has repeatedly led to diplomatic tensions (Saudi Arabia, for example, withdrew their ambassador in 2002 and reinstated him only in February 2008), the emir has always protected Al-Jazeera from political interference, implying that the station is completely free in its coverage on any topic. In fact, Al-Jazeera was the first station to publicly address and discuss taboo topics such as sexuality, women's discrimination or economic problems. However, in general, the local Qatari media still exercise self-censorship when it comes to discussing Qatari affairs.

Freedom of expression

3 | Rule of Law

Until the parliament becomes a reality, it is hard to speak of a functioning legislative body in Qatar. The Advisory Council, comprised 35 members who are personally appointed by the emir, is only a weak substitute for a fully functioning legislative body. In this respect, one cannot describe Qatar as having a functioning system of checks and balances. Also, the emir, his family and the cabinet of ministers are officially subject to the judiciary's jurisdiction; in reality, however, it is highly unlikely that a case against a member of the executive would be brought to court.

Separation of powers

In Articles 129-131 and 134, the constitution guarantees the independence of the judiciary and of each single judge. However, the latter remains questionable, as the emir appoints all judges via decrees based on recommendations from the Supreme Judiciary Council, and their three-year terms can be renewed without limitation. Aside from the civil courts, Shari'ah courts are responsible for hearing cases of personal status among Muslims. In 1999, a Court of Cassation and the Supreme Judiciary Council were established, which marked a clear improvement in the independence of the judicial system. In 2002, the emir proposed to create an independent public prosecution system. In 2007, an Administrative Court and a Constitutional Court were established.

Independent judiciary

Even though the constitution stipulates that ministers "shall not use or exploit their official posts in any way for their own interests or for the interests of those with whom they have special relations" (Article 128), it is highly questionable if high-ranking officials would have to fear legal action in cases of corruption or abuse of power. If such legal action was taken, it would remain unclear who initiated the proceedings and what their motivations might be. In January 2002, there was an extraordinary investigation against Foreign Minister Sheikh Hamad bin Jasim bin Jaber Al Thani, who was accused of having accepted irregular payments from a British defense company. Though the investigation was abandoned in May of the same year, it was the first evidence of the emir's increasing concern about transparency and accountability, especially with regard to the differentiation between public funds and those of the royal family. As a result, three high-ranking officials (Hamad's chief of office and two ministers) were removed from office in 2005 due to their connections to fraudulent activities during the privatization of Qatar Gas Transport Company in early 2005. The reasons for the March 2006 dismissal of Sheikh Muhammad bin Ahmad bin Jasim Al Thani, who was minister of economics and trade at the time, remain unclear; he may have been forced out because of unacceptable activities or because of his liberal economic policies.

Prosecution of office abuse

The constitution protects individuals from personal threats and arbitrary prosecution. All people are declared equal before the law, and discrimination on account of sex, origin, language or religion is prohibited (Article 35). However,

Civil rights

members of faiths other than Sunni Islam are discriminated against, and there are laws that restrict their right to practice their religious freedoms. The opening of the first Catholic church in Doha in March 2008 was an impressive first step in the improvement of this discriminatory state behavior, and an Anglican Center is currently under construction. Amnesty International has repeatedly reported cases of Qatari nationals whose civil rights were violated. One such case was that of Maher Ibrahim Muhammad Hanoon, a Qatari national of Palestinian origin who, together with his former wife and their two children, had their Qatari nationality arbitrarily withdrawn by the Ministry of Interior in July 2008, leaving them at risk of deportation. The Sunni Qatari majority remain uncomfortable with the Shi'a minority, who are seldom allowed to perform their religious rituals publicly.

4 | Stability of Democratic Institutions

None of the political or judicial institutions in Qatar can be described as democratic. While the institutional stability of the judiciary was strengthened over the last year through different measures, the future of the legislative clearly depends on the simple question of whether elections to the new parliament are going to be held. The Advisory Council only serves a consultative function and could be abolished without any serious consequences for the stability and functioning of Qatar's polity, as the emir and his closest associates govern the country in an autocratic way.

Performance of democratic institutions

At present, no relevant actors question the existing system, which is characterized by the emir's nearly omnipotent power and some basic democratic institutions. However, it is assumed that the more liberalization he implements, the more resistance he will encounter, either from members of the establishment (royal family, ministers, military, etc.) or from radical Islamist groups that disagree with what they perceive as the "Westernization" of the country.

Commitment to democratic institutions

5 | Political and Social Integration

There are no political parties in Qatar.

Party system

Interest groups are only rudimentary and almost completely under the control of the authorities. Founding an NGO is expensive and burdened by extensive red tape. Accordingly, if there are any initiatives for more citizen participation, they will most likely come from the authorities, not from the grassroots level. For example, in August 2005, Qatar established a Human Rights Department, aimed at both tackling the huge human trafficking problem and supporting the general government reform measures with regard to human rights. Also, the influential Qatar Foundation is chaired by the emir's second wife, Sheikha Mosah Bint Nasser al-Missned, and therefore clearly serves as a tool of the official administration to improve tertiary education.

Interest groups

Qatari nationals are mostly uninterested in democracy; this is understandable, given the fact that their country is one of the richest in the world, and life is comparatively easy and comfortable. Certain traditionalist circles, however, are increasingly displeased with the emir's progressive reform policies, as well as his friendly relations to countries such as the United States or Israel. Qatar, like all other countries in the region, faces a possible threat from Islamist extremists; U.S. military facilities were repeatedly targeted in 2000, 2001 and 2002, and on 19 March 2005, a British national was killed and twelve others wounded in a suicide car bomb attack on the Doha Players Theatre. The assassin was an Egyptian national who was granted entry to Qatar after not being permitted to return to Egypt, which made this attack particularly shocking as it seemed to suggest the potential danger from radicals who are offered shelter by the Qatari authorities.

Consent to
democratic norms

Thanks to its exorbitant per-capita income, poverty among Qatari nationals is almost unknown; therefore, self-organized associations with the intention of providing social support barely exist, even though Qatari nationals have been allowed to form associations with legal status since May 2004. Quasi-governmental organizations remain highly influential, including the Qatar Foundation under its chairwoman Sheikha Mosah Bint Nasser al-Missned, which finances projects in the area of education and research. The Conference on Democracy and Reform, which was hosted by the Ministry of Foreign Affairs in May 2007, also deserves mention. Here, some 300 activists created the Arab Foundation for Democracy, which was financially supported by the emir with a reported \$10 million endowment.

Associational
activities

II. Market Economy

6 | Level of Socioeconomic Development

The government of Qatar has sought to transform the country into a knowledge-based society to further reach economic diversification. Supported by an outstanding increase in wealth and national income thanks to the exploitation of its vast natural gas reserves, the government is seeking to build an "innovative society" in order to improve Qatar's attractiveness for entrepreneurs and possible investors through its General Secretariat for Development Planning (GSDP). The overall positive economic situation is also reflected in the UNDP 2008 Human Development Index (HDI), where Qatar is ranked 34th (with a value of 0.90), making it the fourth-highest-ranked Arab country after Kuwait (rank 29), the United Arab Emirates (rank 31) and Bahrain (rank 32).

Socioeconomic
barriers

The situation of the expatriate workers, who make up to roughly 85% of Qatar's total population (1,448,446, according to GSDP estimates), represents a problematic contrast to the country's wealth. Many of these workers are negatively affected by low wages and discrimination in various forms. Also, huge governmental investments in all sectors of the economy, plus the high influx of foreign workers, has led to a strong increase in housing costs, which in turn pushed inflation to 13.7% in 2007. In 2008, inflation was expected to reach 15%.

Economic indicators		2004	2005	2006	2007
GDP	\$ mn.	31734.1	42462.6	52722.2	-
Growth of GDP	%	20.8	6.1	-	-
Inflation (CPI)	%	6.8	8.8	11.8	13.8
Unemployment	%	-	-	-	-
Foreign direct investment	% of GDP	-	-	-	-
Export growth	%	-	-	-	-
Import growth	%	-	-	-	-
Current account balance	\$ mn.	-	-	-	-
Public debt	\$ mn.	-	-	-	-
External debt	\$ mn.	-	-	-	-
Total debt service	% of GNI	-	-	-	-
Cash surplus or deficit	% of GDP	16.4	9.7	9.9	-
Tax Revenue	% of GDP	25.5	21.3	23.2	-
Government consumption	% of GDP	13.1	11.5	15.7	-
Public expnd. on edu.	% of GDP	2.1	3.3	-	-
Public expnd. on health	% of GDP	3.0	3.2	3.4	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	-	-	-	-

Sources: The World Bank, World Development Indicators 2009 | UNESCO Institute for Statistics | International Labour Organization, Key Indicators of the Labour Market Database | Stockholm International Peace Research Institute (SIPRI), Yearbook: Armaments, Disarmament and International Security.

7 | Organization of the Market and Competition

While the largest companies are still mostly state-run, the authorities are increasingly encouraging free competition and privatization. As an example, QTel lost its monopoly on 1 March 2009 when Vodafone was allowed to enter Qatar's lucrative and highly developed mobile telephony market, which has an incredible cell phone penetration rate of 170%. However, the WTO secretariat, in its latest report on Qatar in 2005, stated that "Qatar has no competition legislation, nor laws and/or regulations on anti-dumping, subsidies and countervailing measures, and safeguards." The World Economic Forum assessed Qatar's economic performance as sound and ranked the country in its 2008/2009 Global Competitive Index at 26th (with a score of 4.83), which is an improvement of five ranks compared to the 2007/2008 rankings.

Market-based
competition

State-run companies enjoy monopolistic advantages, but they are increasingly experiencing the pressures of liberalization and privatization. QTel is but one example of a monopoly that fell to these pressures when Vodafone was licensed to enter the Qatari telecommunications market on 1 March 2009.

Anti-monopoly
policy

Qatar became a member of the World Trade Organization (WTO) on 13 January 1996, and has fully complied with its regulations since then. At the time of this report, Qatar has not been involved in any trade disputes settled under the WTO dispute settlement scheme, whether as a complainant, a respondent or a third party. However, according to the WTO secretariat's 2005 observations, "Qatar has experienced difficulties in implementing some of its multilateral trade commitments, and in meeting some of the notifications required by certain WTO agreements. It is neither a signatory nor an observer to any of the WTO's plurilateral agreements." Foreign access to the Qatari market still requires a local partner, except for the three crucial sectors of tourism, education and health care, in which the government has already eased foreign economic engagement. Foreign direct investment totaled \$1.79 billion in 2006.

Liberalization of
foreign trade

According to Fitch Ratings, Qatari banks continue to show strong profitability, healthy asset quality and good capital adequacy ratios, thanks to the stable operating environment. Qatar's Central Bank (QCB), which supervises 16 commercial banks (including three Islamic and seven foreign banks), is the second central bank in the region to implement the Basel II requirements. The largest private bank is still Qatar National Bank (QNB; rated 'A+' by Standard & Poor's with a "stable outlook"), but its market share has been gradually falling over recent years as its competitors pursue more aggressive growth. Offshore branches of foreign banks have substantially increased and will compete primarily in corporate, investment and private banking as well as asset management. The sound situation of Qatar's banks leads analysts to expect only minor effects from the 2008/2009 global recession,

Banking system

thanks to sufficient available liquidity. However, to prevent unforeseen things from happening, Qatar Investment Authority (QIA), the country's sovereign wealth fund, bought up to 20% of Qatari bank shares in late 2008 to support the banks' capital and improve their financial situation as the global financial crisis reached the Gulf states.

8 | Currency and Price Stability

The double-digit inflation rate is one of Qatar's biggest economic problems. Monetary decision makers hoped to reduce the 15% inflation rate (estimated figure for 2008) by dropping the dollar peg and moving to a currency basket instead. There are two reasons for the soaring inflation rate: first, the government's ambitious growth plans and their corresponding investment programs; and second, the high influx of foreign workers, which has led to a sharp increase in housing costs (a minimum increase of 25% annually) and consumer prices. The government tried to combat the housing rent problem by capping annual rent increases at 10%; so far, this has proved to be relatively ineffective, as it does not apply to new renters. As a result, landlords have an interest in evicting existing tenants and finding new ones, which is easy given the shortage of flats. In this overheating economy, Qatar Central Bank (QCB) announced plans in January 2008 to issue bonds to soak up excess liquidity in the economy, hoping that this will contribute to lower inflation.

Anti-inflation /
forex policy

The country has not followed the IMF's recommendations to not give up the dollar peg, but rather to reevaluate the Qatari dinar from early 2008; however, during a meeting in Doha in April 2008, high-ranking officials from all Gulf Cooperation Council (GCC) countries expressed their hope to introduce a common GCC currency by 2010. Observers are doubtful if this can indeed be realized. In June 2009, however, it was decided to delay the introduction of the common currency until 2013, and Oman and the United Arab Emirates withdrew their decision to participate.

The government has successfully supported sound economic development in recent years. Hopes are high that even the most recent recession will have no serious effects on the country. Recent enormous annual growth rates of around 15% are expected to continue in the years ahead. Whether or not different strategies will successfully defuse possible problems with inflation remains to be seen.

Macrostability

9 | Private Property

According to Article 27 of the constitution, private ownership of property is protected, "unless because of public interest in circumstances stipulated by the law, in a way that the law stipulates, provided it is with a fair compensation." A major

Property rights

change was introduced with a new law on real estate property in 2006, according to which non-GCC-citizens are also allowed to own land and estates in 18 designated areas on a 99-year lease. Such leases are combined with a permanent residence permit, but no working permit. Citizens from other GCC countries have further property rights.

Private investors and businesspeople find relative good conditions in Qatar. Starting and running a business is permitted without any special restrictions, except for some bureaucratic constraints. Ranked by the World Bank at 37 (out of 181) in its 2009 “Doing Business” report, Qatar is in the middle of the regional rankings (Saudi Arabia and Bahrain are much better, Kuwait and United Arab Emirates much worse). The intermixing of publicly owned companies with the properties of the royal family, however, remains problematic, despite the introduction in 2005 of legislation meant to improve the situation.

Private enterprise

10 | Welfare Regime

Not surprisingly, Qatar does not have a well-developed social safety net, due to its exorbitantly high rent incomes from the oil and gas industry. The government provides almost all social services. In the last two years, however, financial pressure on Qatar’s social systems has risen. This is partly rooted in growing consumer product prices and in the huge share of expatriate workers who have been refused private health or other social insurances. Plans for a radical overhaul of Qatar’s health sector are elaborate, including compulsory health insurance and a further development of its health infrastructure, as more insured people will lead to higher demand for medical services. In the 2007/2008 public budget, 7.4% (\$1.3 billion) was reserved for health and social services.

Social safety nets

Article 35 of the constitution stipulates that “all people are equal before the law. There shall be no discrimination on account of sex, origin, language, or religion.” Women’s legal status is relatively advanced compared to regional standards. Aside from their traditional role as wives and mothers, more and more women, especially from the younger generation, receive excellent education and vocational training. In May 2003, Sheikh Hamad appointed Shaikha Bint Ahmed al-Mahmoud as Minister of Education – the first female minister in any Persian Gulf state. In July 2008, Dr. Sheikha Ghalia Bint Muhammad bin Hamad Al Thani was appointed as the second female minister, leading the Ministry of Health. Also in 2003, Prof. Sheikha Bint Abdullah al-Misnad was appointed as the first female president of the University of Qatar. Of further significance is the establishment of the Qatar Ladies Forum in September 2003, an organization that aims to enable women to gain “power in government, trade and industry, politics and social fields.” However, on the Global Gender Gap Index 2008, conducted by the World Economic Forum, Qatar ranks only at 119 out of 130, with a value of 0.5948.

Equal opportunity

11 | Economic Performance

Qatar's economy shows very strong performance: annual growth is about 14% (in 2007 and also expected for the years to come), GDP per capita reached \$72,634 in 2007 (which was the third highest in the world) and grew at 6.1% in 2005. The population grows by 4.5% every year (the fertility rate is 2.7 children per woman), so the per-capita income is expected to continue growing; however, exact prognoses are difficult due to the unpredictability of oil and gas prices. The double-digit inflation rate, which was 15% in recent years, has caused economic difficulties in recent years.

Output strength

12 | Sustainability

Public awareness of environmental concerns is low. For example, per-capita water consumption is one of the highest in the world, even though a severe shortage of potable water could only be rectified by massive and expensive technical investment. Qatar was the first country in the world to become completely independent from natural water resources, thanks to its huge seawater desalination facilities. However, attempts to increase public awareness of environmental problems have become more and more visible. In August 2006, the Al-Dakhira area was considered a protected natural area. However, this did not prevent some influential locals from cutting down protected mangrove trees in that region, an action justified by the doubtful argument that "local people did not like the smell." A Ministry of the Environment was established in July 2008, replacing the former Supreme Council for the Environment and Natural Reserves. Strong economic growth has led to the need to develop new energy sources; discussed have focused on the development of a civilian nuclear power plant at Umm Bab in the western part of the country (a cooperation agreement was signed with the French firm EDF in January 2008) or of a solar power plant. In 2012, Qatar plans to begin operating the first major "green" building complex in the region, a 72-hectare "Energy City" consuming only sustainable energies such as solar and wind power.

Environmental policy

According to the constitution, "education shall be a significant foundation for the progress of the society" (Article 25); indeed, Qatar has constantly worked on improving the educational level of its citizens. All education is free of charge, and school is compulsory for all children. At 89%, Qatar's literacy rate belongs to the highest of all Arab countries. Fifty-seven new schools and 21 new kindergartens will be opened in 2009. Aside from the University of Qatar, which was founded in 1977, an impressive campus ("Education city") of six well-known U.S. universities was opened in Doha in October 2003, so students have the chance to study at and get diplomas from Cornell Weill Medical School, Texas A&M, Carnegie Mellon, Georgetown, Virginia Commonwealth, and, since fall 2008, Northwestern

Education policy / R&D

University. In tertiary education, women make up more than 70% of all students. The Qatari government is lavishly sponsoring research and development; Cornell University alone will receive \$750 million from the Qatar Foundation over a period of 11 years to pay for the construction and maintenance of buildings, staff salaries, student dorms and scholarships.

Another important step in the attempt to transform Qatar into a knowledge-based society was the opening of the Museum of Islamic Art in November 2008. In combination with some other first-class museums that are still under construction, this clearly substantiates the cosmopolitan aspirations of the Qatari government in the area of science and education. The government aims to outpace its neighbors with its comparative advantage in human capital and become one of the leading knowledge-based economies in the region.

Transformation Management

I. Level of Difficulty

Qatar faces no serious structural constraints with regard to management abilities. As the World Bank stated with reference to a number of traditional governance indicators, Qatar scores higher than the average for the Middle East and North Africa region, especially in the areas of regulatory quality, government effectiveness, rule of law, and political stability. Of course, the country's small size and its comparative military weakness determine to a certain extent the government's foreign policy options, namely balancing the different interests between regional hegemony such as Saudi Arabia and Iran, but also Israel and Iraq. Economically, Qatar is nearly ideally located, not only in the middle of the Persian Gulf but also in the middle of air traffic routes between Europe and Asia, which makes the country (similar to the UAE) an ideal hub for stopovers with its national carrier, Qatar Airways.

Structural
constraints

Civil society is still in its infant status, as Qatar's citizens have not yet developed habits of pro-active political or social engagement. Because many people are directly connected to the royal Al Thani family, there is a general lack of interest in activities outside the royal family and the official establishment; others profit handsomely from the country's tremendous wealth and economic income, which definitely lowers any ambitions for initiating grassroots activities. In addition, political parties and trade unions are forbidden, and the number of NGOs is limited, so it is difficult to find an institutional anchor for complimentary activities in the civil society sector.

Civil society
traditions

Aside from two conflicts – one involving the al-Murra tribe, which resulted in the granting of Qatari nationality to some 6,000 members of the al-Ghufran tribe branch in February 2006, and another involving repeated demonstrations of foreign workers against poor working and living conditions in the country – there are no major domestic conflicts in Qatar. It is unclear, however, how united the royal family is, and whether there are coup d'état plots among important political, economic or military actors. The emir's distinctively liberal and Western-oriented policies since 1995 have provoked opposition, and these policies might incite further unpredictable opposition in the future. Islamists compose the most important

Conflict intensity

element of opposition to the Qatari government, particularly with respect to its ties with the United States and the large American military base at al-Udeid. The same elements oppose the emir's liberal policies, such as giving women the right to vote and appointing them to positions such as government minister and president of the university.

II. Management Performance

14 | Steering Capability

Qatar's emir and his administration have clearly set the goal of transforming the emirate from a rent-based economy into a knowledge- and service-based one. By strategically using the growing income from its vast gas resources, Qatar has invested in strategic future sectors such as higher education (the initiation of Doha's "Education City" with its six leading U.S. universities is but one example) or financial services (Doha as a city directly competes with Dubai for being the "number one city" in the region and is promoted like a business brand). In terms of politics, the emir tries to maintain good relations with every country, may it be the United States, Saudi Arabia, Iran, Iraq, Israel or Palestine, making Qatar a unique broker in international diplomacy in recent years. In addition, the hosting of important cultural and sports events such as the 2006 Asia games – along with Qatar's official application to host the Olympic games in 2016 (which was refused by the International Olympic Committee in 2008) as well as the World Soccer Championship in 2018 and/or 2022 (which is still pending) – is another clear indicator of the government's intention to make Qatar an accepted member of the international community.

Prioritization

The successful realization of its priorities over the last 15 years clearly demonstrates the government's effectiveness in governing and reforming the country. This is especially true in the area of economics. In the political realm, however, the successful establishment of Al-Jazeera, the remarkable enhancement of women's rights or the adoption of the new constitution must be viewed as the first steps on its way to democracy. It is doubtful, at this state, if the emir and his associates are really interested in making Qatar a fully functioning, comprehensive democracy, or if they are merely ornamenting the country with some democratic institutions.

Implementation

Qatar's development during the last 15 years must be viewed as unique, as the "Qatar experience." Innovation rather than reproduction mark its political and economic reformation process. For example, the creation of Al-Jazeera in 1996

Policy learning

served as a model for other Arab governments to support or at least allow similar modern and independent media in their countries. Also, Qatar's exceptionally good diplomatic relations to all neighboring countries, including Iran, Israel, and Saudi Arabia, despite hosting the biggest U.S. airbase outside the United States, suggests Qatar's "special way" of making politics in the region.

15 | Resource Efficiency

According to current estimates, Qatar's vast gas reserves are sufficient to last for some 100 years; however, the Qatari authorities have clearly decided to make efficient use of human capital as well. Massive investment in the educational sector since the mid-1990s has made Qatar the regional leader in basic, secondary and tertiary education. The literacy rate is an impressive 89%, there are six internationally renowned universities at Education City, and with the strategic support of Al-Jazeera as a semi-independent television station, the Qatari population shall be made competitive on the international stage. In addition, with the help of lucrative salary offers, the country is attracting leading experts in technology, engineering, medicine and higher education.

Efficient use of assets

Although Qatar's commitment to democracy may remain questionable, the soaring effectiveness of its administration is beyond doubt, as their impressive economic success and increasing political clout clearly prove. The hierarchical structure, from the emir's top level to the ministers and further down to the administrative level, functions without any restrictions. Gradual improvements in the administration's workflow go hand in hand with more transparency and accountability, even though the country still has a lot to improve in this crucial area.

Policy coordination

Aside from some extraordinary investigations of some high-ranking representatives among Qatar's political and economic elites, the country has taken some important measures to better fight corruption. For example, Qatar signed and ratified the United Nations Convention against Corruption shortly after it was approved by the U.N. General Assembly in 2005. In addition, Qatar hosted the "Corruption-free Asia Conference" in June 2008, demonstrating the administration's official commitment to combat corruption as much as possible and to foster transparency and accountability. During the run-up to the conference in 2007, Transparency International's Managing Director Cobus De Swardt publicly lauded Qatar for the successful implementation of "first steps" in their fight against corruption, but also confessed that many challenges still lay ahead.

Anti-corruption policy

16 | Consensus-Building

The influential strata inside Qatar's society have supported the reform-oriented policies of the government thus far; the unique image that Qatar enjoys abroad contributes to a certain pride of being part of the "Qatari experience." Differing

Consensus on goals

opinions, however, seem to stem from groups, such as religious traditionalists, that see the emir's reform measures in a critical light. In contrast, more democratically oriented circles, which lobby for further democratization, seem to be less influential among non-mainstream Qataris.

Apart from the aforementioned military and religious circles that might take action if they become too unhappy with the emir's reform policy, there are currently no influential anti-democratic actors.

Anti-democratic
veto actors

The small population of approximately 200,000 native Qataris is relatively homogenous, and cleavages are insignificant. However, the conflict between the government and the al-Murra branch of the al-Ghufra tribe was poorly managed in February 2006. Most of the tribe members reclaimed their Qatari nationality, which had been withdrawn previously due to accusations of supporting anti-regime activities.

Cleavage /
conflict
management

Even though Qatar is participating in different civil society conferences and initiatives, the participation of NGOs or similar groups is still rudimentary. Barriers for founding an NGO are still extremely high, and the few existing organizations that provide help and support (especially to foreign workers from poor countries) are clearly restricted to charity work. In addition, there are quasi-NGOs that provide family support services, such as the Al-Shaffallah Center for Children with Special Needs, the Qatari Orphan Foundation, the Family Consultation Center, the Qatari Foundation for the Protection of Children and Women, and the Qatari Foundation for the Elderly.

Civil society
participation

The withdrawal of nationality from 6,000 members of the al-Ghufra tribe was almost completely reconciled with the restoration of most members' nationality in 2006. Apart from this, no serious clashes occurred; therefore, there is no need for further reconciliation measures.

Reconciliation

17 | International Cooperation

Qatar has been able to mobilize international support in areas where it does not have enough national expertise. This is especially true in higher education. In addition to the University of Qatar, founded in 1977, the authorities have attracted internationally recognized universities such as the Cornell Weill Medical School, Texas A&M, Carnegie Mellon, Georgetown, Virginia Commonwealth, and, since fall 2008, Northwestern University. All of these universities have facilities in the "Education City" in the outskirts of Doha.

Effective use of
support

In addition, international experts occupy a huge share of leadership positions in Qatar's administration. Critical job vacancies, such as medical doctors, must be filled with foreign professionals; as long as Qatar is able to pay high salaries, this should not be a problem.

Strategically, Qatar tries to ally with various countries. The creation of a “gas OPEC” with Russia and Iran is under discussion, even though political and structural problems seem intractable at the moment. However, if these three countries, the world’s largest gas suppliers, would form a gas cartel, this would affect their power position in an unforeseeable manner.

Militarily, Qatar almost completely depends on the U.S. military, which overtook the assurance of Qatar’s external security in exchange for permission to run their largest extraterritorial air base at al-Udeid.

Without any doubt, Qatar’s credibility is less connected to its democratic performance than to its stability and economic success. Al-Jazeera’s political news coverage has sparked criticism from almost every Arab government, as well as Israel and the United States. Economically, however, the country enjoys high trust: Standard and Poor’s (S&P) Ratings Services in August 2006 affirmed its A+ long-term and A- short-term sovereign credit ratings. The World Bank’s 2008 “Governance Matters” global index shows rising tendencies in almost all examined criteria (with the exception of “government effectiveness”). In international politics, Qatar’s constructive role in the Lebanon peace negotiations in mid-2008 was viewed positively, and the country is perceived as a credible partner in regional as well as international diplomacy.

Credibility

Under the reign of Emir Hamad, Qatar clearly seeks to establish good neighborly relations with every state in the region. Former border disputes with Bahrain and Saudi Arabia have been settled. Qatar and Iran’s joint exploration of the gas-rich North Field has also led to political detente. In December 2007, Mahmud Ahmadinejad was the first Iranian president officially invited to a GCC summit hosted by the Qatari government in Doha. Though this provoked serious disputes among the GCC member states, it demonstrated once more Qatar’s growing importance and self-confidence in regional affairs. Qatar’s intensive and deep-rooted relations with Israel are equally controversial. Israel opened a trade mission in Qatar in 1996, and in April 2008, then foreign minister Tzipi Livni was officially invited to attend and speak at the Democracy Forum held in Doha. At the same time, Qatar supports the Palestinians and Hamas with both financial as well as diplomatic means. Finally, in summer 2008, Qatar tried to broker a peace agreement between the Yemen government and local tribes in the country’s disputed northern province Saada – unfortunately without success.

Regional
cooperation

Strategic Outlook

Qatar has enacted impressive reforms during the last 15 years. Even though no real systematic transformation took place, remarkable changes have been introduced in Qatar's domestic politics: Al-Jazeera, with all of its effects on media throughout the Arab world; the repeated general elections to the Central Municipal Council since 1999; and the adoption of a new constitution in 2003/2004. Also, economic transformation was successfully realized, effecting a transition from a more or less purely rent-based economy to a more knowledge-based, service-oriented society. Finally, in international diplomacy, Qatar gained increasing recognition and support from both regional hegemonies and global powers.

However, there remains much to do, and future action should focus on the area of politics, where improvement is most urgent. First and foremost, political rulers must enhance – indeed establish – their democratic legitimacy. Notwithstanding all of its reform measures, Qatar is still clearly an absolute monarchy; the emir is the sovereign, not the people, and nothing can be done against the emir's will. Therefore, it is of the utmost importance that the parliament will eventually be elected as written in the constitution. This should happen sooner than later, both to increase political accountability and to improve the atmosphere for more political engagement from grassroots initiatives.

Secondly, Qatar's positive reputation in international diplomacy must be further enhanced. The successful hosting of the Asian Games in 2006 or the brokering of the Lebanon peace agreement in mid-2008 are just two examples of Qatar's good initiatives. Qatar is able to represent itself as a credible partner for both Western and Eastern countries on the world stage, whether through the organization of international conferences, hosting of sports events or similar activities.

Thirdly, with respect to economic development, the small geographical size of the country is a blessing and a curse at the same time. Although Qatar is one of the countries with the highest per-capita income, the national currency, which is still pegged to the U.S. dollar, is too weak to withstand international financial turbulence. Until the introduction in 2013 of the common GCC currency, Qatar's decision makers should pay more attention to currency issues, especially with regard to the high inflation rate.

Finally, Qatar must critically assess its treatment of its foreign workers and illegal migrants. This is not only due to ethical reasons, but also due to the simple fact that the country will continue to rely on workers from abroad in the years ahead. Here, permanent supervision by, and open critique from, international observers will remain absolutely useful and necessary.