



The Anticorruption Frontline

The Anticorruption Report

Volume 2

Alina Mungiu-Pippidi (editor)

The Anticorruption Frontline

The Anticorruption Report 2

written by

Alessandro Bozzini

Mihály Fazekas

Jana Gutierrez Chvalkovská

Lina Khatib

Lawrence Peter King

Alina Mungiu-Pippidi

Jiří Skuhrovec

Ruslan Stefanov

Alexander Stoyanov

István János Tóth

Boryana Velcheva

Andrew Wilson

Barbara Budrich Publishers

Opladen • Berlin • Toronto 2014

Contents

<i>Executive summary</i>	7
1. Ukraine: the New Sick Country of Europe	16
2. Bulgarian Anti-Corruption Reforms: a Lost Decade?	25
3. The Unlikely Achiever: Rwanda	40
4. Doubts and Lessons Learned from Qatar's Progress Towards Good Governance	51
5. Are EU Funds a Corruption Risk? The Impact of EU Funds on Grand Corruption in Central and Eastern Europe.	68
6. Why Control of Corruption Works - When it Does.	90
<i>Appendix</i>	124
<i>Acknowledgements.</i>	128

4. Doubts and Lessons Learned from Qatar's Progress Towards Good Governance

LINA KHATIB¹

Qatar is judged by international anti-corruption indices to be among the highest performing countries in the Middle East and North Africa (MENA). The Qatari government has streamlined its regulations regarding business practices and engaged in reforms from above that have liberalized the Qatari economy and increased its strength and viability. There are lessons to learn for other countries in such reforms. However, Qatar remains a neo-patrimonial absolute monarchy in which the state is not immune from private interests, and where the ruling family can bypass the rule of law. This chapter analyses the structures and mechanisms of Qatar's governance regime that reveal the contradictions inherent within the categories covered by corruption indices. In doing so, it suggests a number of shortcomings in the methodologies and scope of those indices as they specifically apply to Qatar, and poses a number of questions regarding the kind of information that is difficult to find but which is crucial to address in order to form a clearer picture of corruption and anti-corruption practices in Qatar. The author concludes that the absence of this information in the first place casts a shadow of doubt over the performance of Qatar in anti-corruption indices.

The richest country in the world in terms of GDP per capita, Qatar has been performing well in global anti-corruption indices. Qatar's score rose from 77.07 in the 2002 World Governance Indicators (WGI) Control of Corruption indicator to 83.73 in WGI 2012. Transparency International's Corruption Perceptions Index (CPI) 2012—which uses the same sources as WGI—also ranks Qatar as 27th in the world in terms of perceptions of anti-corruption, with a score of 68 (out of 100), making it the best performing country in the MENA region (See Transparency International 2012 CPI). However, before Qatar can be considered a case of good anti-corruption practice, one should consider how the indices define corruption. Current corruption indices do not cover the full spectrum of social allocation when measuring corruption, nor do they address the nature of the governance regime and its relationship with corruption in the countries assessed. For the purposes of this paper, corruption is defined as particular (non-universal) allocation of public goods due to abuse of influence, and control of corruption is defined as the capacity of a society to constrain abuse of

¹ The author thanks Jan Raudszus, Nuria Moya Guzman, and Lisa Buckmaster for their assistance with researching this chapter, and Larry Diamond and Stanford University for their support.

influence resulting in a social allocation diverging from ethical universalism (everyone treated similarly) (Mungiu-Pippidi 2006). Applying those definitions to the case of Qatar challenges its anti-corruption index rankings.

1. State of governance in Qatar

Qatar is a neo-patrimonial absolute monarchy with extreme particularism (O'Donnell 1996) in which the Emir reigns, rules, and has historically owned state institutions. The Emir has the authority to select ministers, dictate foreign and domestic policies, and control the economy (Yom and Gause 2012). The Al Thani family has ruled the country for decades, with the current Sheikh Tamim taking over from his father Sheikh Hamad in 2013, following Hamad's bloodless coup against his own father Sheikh Khalifa in 1995. Khalifa himself had deposed his uncle in a coup in 1972. Coups have been common in the history of Qatar, and make it less likely for rulers to share power equitably, due to the lack of trust even in own family members that accompanies such acts of power takeover. They also foster a culture of rentierism and distribution of resources to buy loyalty. The Al Thani family has institutionalized tribal and filial relationships through allocating government roles and resources to local tribal leaders and princes in return for their political backing. The family has also drawn the boundaries of the districts of modern Qatar according to tribal districts (Fromherz 2012).

Sheikh Hamad's rule was characterized by economic liberalization and an expanded foreign policy agenda, changing the public image of Qatar from a small state in the shadow of Saudi Arabia to one of the major players in the international relations and economics of the Middle East. This expansion has been supported by Qatar's wealth, with the country possessing the world's third largest gas field (Khatib 2013).

Qatar's wealth has enabled the ruling family to curb potential dissent. Domestically, wealth is distributed both to citizens at large as well to tribes, in the form of cash hand-outs and social and health service, and through the allocation of bureaucratic posts. Qataris enjoy free health services and education, a stipend of around \$7000 per month per citizen, and almost guaranteed employment in the public sector (the unemployment rate is 1%). Tribal leaders are appointed in well-paid public posts (Rathmell and Schulze 2000). Wealth distribution has aided Qatar in avoiding the rise of popular discontent seen elsewhere in the Arab world.

However, the privileges given to Qatari citizens do not extend to the majority of the resident population in Qatar. The country is home to only around 250,000 Qatari nationals, with 80% of the total population being composed of expats from a wide variety of countries. Those expats possess restricted personal and economic rights. For example, all expats can only work under a 'kafala' (sponsorship) system that links their legal presence in Qatar to sponsored employment by a Qatari national. In the case of migrant workers performing low-income jobs, this system has allowed employers to deny workers basic rights like regular days off, access to health care, and equitable working environments. In this sense, the public allocation of resources only narrowly

applies to Qatari citizens. Migrant workers have been effectively prevented from demanding further rights because of their dependency on Qatari sponsorship.

Qatari nationals, meanwhile, have developed a sense of dependency on the state, especially regarding employment. Although just over half of Qatari citizens (55%) who took part in the Qatar World Values Survey 2010 said that individuals should provide for mostly (24%) or exclusively (31%) of their economic needs, as opposed to the government, practice reveals a different pattern. Government services constitute 14% of Qatar's economic output, and the public sector is saturated (Berrebi et al. 2009) with public servants who cannot be fired, however inefficient they may be.

Dependency can be linked to a cultivated sense of entitlement that can easily be confused with satisfaction. A Qatari national who regards public employment as a 'right' and who is almost guaranteed to have this 'right' is likely to report high satisfaction with the performance of the state. At the same time, a civil servant who is well paid to do very little is less likely to want to accept bribes. In this way, Qatar's wealth has helped eliminate bribes in the public sector, while working to keep Qatar's neo-patrimonial system by minimizing the economic motivation for seeking regime change or reform. At the same time, fear of deportation has prevented government officials who come from migrant communities from engaging in corruption (Freedom House 2003).

Although Sheikh Hamad bin Khalifa engaged in top-down reforms, those reforms have retained the absolute rule of the Emir. In 2000, Hamad established the Council of the Ruling Family, consisting of thirteen family members, but he has often bypassed this Council. In 2005, he implemented a new constitution, passed by popular referendum in 2003 with 96% approval, which calls for the establishment of a partially elected Advisory Council to pass legislation to replace the current Advisory Council whose members are appointed by the Emir. The current Council has existed since the rule of Sheikh Khalifa, but it has been mostly filled with members of Al Thani and close allies of the Emir, and its role is largely ceremonial, to be informed of policies by the Emir, rather than formulating policies. However, the 2005 Constitution gives the Emir the power of veto over the Council, and the choice of appointing one third of its 45 members. Although the Emir's veto can be overruled if rejected by two-thirds of the Council, the Constitution gives the Emir the power to suspend legislation. Article 67 of the Constitution also effectively gives the Emir absolute power (Fromherz 2012).

To date, there has not been an Advisory Council election in Qatar, despite repeated promises by Sheikh Hamad, the latest being saying that such elections would take place in 2013.

2. Governance regime mechanisms

The persistence of a neo-patrimonial governance regime in Qatar is due to two factors: abundant public resources and a traditional tribal society that has been appropriated by a monarch with control over public resources. The modern state of Qatar has only existed for a generation, and thus has not had enough time to see a reduction in primordial economic and social ties and a growth of modernist forms of governance (Rathmell and

Schulze 2000). The Emir of Qatar uses resources from the export of oil and gas to secure the loyalty of supporters both from within the Al Thani family and from other tribes, thereby reducing tribal pressure on the regime to change its modus operandi. The same mechanism applies to citizens at large, who are granted land and subsidized goods and services in return for their loyalty.

Traditionally, tribal societies in the Middle East partly rule on the basis of consultation (shura) both among tribes and within tribes. Hamad has co-opted the tribal system by institutionalizing hereditary rule within the Al Thani family, by putting in place a new constitution in 2003 that stipulates this (Crystal 2011). Article 9 states that the Emir only needs to 'consult' - not seek approval from - the family council when choosing his heir, thereby allowing the Emir to bypass the traditional system of leadership succession (Fromherz 2012).

Studies of patrimonial states show that personal and social connections, not bribes, are the main type of privileged allocation in such states (Mungiu-Pippidi 2011). Qatar is no exception. Informal networks and 'wasta' (social connections), mainly based on tribal lineage, dominate the functioning of Qatar's formal institutions (Fromherz 2012). Because informal networks are an integral part of Qatari society, they are not perceived negatively, but are taken as a given. The Qatar World Values Survey 2010 reveals that 29% of Qataris attribute success to luck and 'wasta' only, with a further 15% attributing it to mostly luck and 'wasta'. At the same time, 91% of respondents reported that they have complete trust in their families, followed by 43% in the case of people they know personally, and 35% in the case of neighbours, compared with only 8% in the case of people from other nationalities and 5% in the case of those from other religions (see SESRI 2010). In this sense, one can safely conclude that privileged allocation on the basis of social connections is not seen as corruption - corruption is generally viewed as being about bribes, which is not a problem that Qatar suffers from in general.

3. Governance regime trends

The type of governance regime in Qatar has been consistent over time. However, the tipping point came with the takeover by Hamad bin Khalifa. Hamad's father had handed his son the task of modernizing the economy in Qatar, while Khalifa himself was extracting money from the Qatari state and not firmly pushing for economic progress. Hamad's bloodless coup was partly motivated by his frustration with the trajectory of economic development that Qatar had been following, and his recognition of untapped potential for the country's economic and political future (Kamrava 2009). Hamad worked on liberalizing the state and installing some top-down reforms, such as granting women suffrage and holding regular municipal elections, which first took place in 1999 and saw the participation of female candidates (Barany 2013). Hamad also abolished the Ministry of Information and gave the press more freedom. The establishment of Al-Jazeera in 1996 was a landmark for the Arab world, as it was the first pan-Arab channel engaged in open criticism of Arab governments and leaders - albeit never in the case of Qatari affairs.

The political openings installed by Sheikh Hamad are more to do with establishing legitimacy for the regime-and thus, continuity - than with the desire for genuine political reform. They are also driven by the Emir's political ambitions to put Qatar on the map in international relations and economic affairs. In order to be taken seriously by the international community, Qatar needs to cultivate an image of 'playing by the rules'. This approach paid off, resulting in the formation of alliances between the state of Qatar and key actors in the international community from across the political spectrum. Hamad, and his Prime Minister Hamad bin Jassim, established cordial relations with other states and non-state actors and used this to situate Qatar as a mediator in a number of conflicts in the Middle East, as well as an interlocutor with certain Islamist groups and regimes, like Hamas, the Muslim Brotherhood, and the Taliban. They also nurtured strong security alliances between Qatar and the United States, with Doha's hosting of US Central Command (Khatib 2013). On the domestic front, Hamad's reforms served to placate the limited demands for elections and freedom for the press that had been presented to his father in 1991 in a petition signed by a group of 54 prominent Qataris. Yet with the new Constitution cementing the rule of Al Thani, 'what the ruling elite are doing is increasing its legitimacy without jeopardizing its traditional position' (Ehteshami and Wright 2007, p. 922).

On the economic front, Sheikh Hamad directed a process of privatization that has sharply increased Qatar's international standing. In July 1995, the Doha Stock Market was established. Transparency and accountability measures to control business practices were introduced in both the public and private sectors (Crystal 2011). Those measures played a major role in controlling corruption: In 1970, 33% of total government expenditure was spent on the royal family, and throughout the 1980s, princes regularly extracted money from the Treasury for deposit in their personal Swiss bank accounts (Fromherz 2012). This practice was put under control by Sheikh Hamad, who recalibrated the informal state distribution mechanism by creating formal channels for monetary hand-outs in the shape of welfare (including property rights), subsidies, and employment. In this sense, Hamad's reforms can be seen as following the institutional evolution in which the state replaces feudal owners and distributes wealth to elites, thereby increasing the number of the privileged, and paving the way for later wider distribution (North and Weingast 1989).

Hamad also implemented reforms that ease doing business, including simplifying government administrative procedures to increase compliance with those procedures (including financial auditing and reporting); reducing the time needed for businesses to prepare for paying taxes; providing clear access to information about government regulations about the business sector; and making customs procedures for the import and export of goods more efficient - all resulting in high scores for Qatar on those fronts in international anti-corruption indices like the Global Competitiveness Index (GCI). The economic reforms paid off. Between July 2006 and November 2010, Qatar's rank in the GCI rose from 38 to 17. Foreign Direct Investment (FDI) has also risen, from 251 million dollars in 2000 to 8,722 million in 2009, indicating an opening up of the

economy that has made it more attractive to foreign investors (Hvidt 2011). Foreign investment is seeing most growth in the sectors of oil, infrastructure (including construction), and financial services. Qatar has supported this by offering several incentives to foreign businesses, from facilitating the process of obtaining loans from the Qatar Development Bank to imposing zero taxes on exports to having no restrictions on overseas profit transfer. One consequence of the reforms is that the shadow economy only forms 18% of the size of GDP, which is significantly lower than the regional average of 27.08% of GDP (Schneider et al. 2010). Yet as Peterson argues, although economic reforms and initiatives in Gulf countries technically create private enterprises, 'their conception, planning, construction, and shepherding into operation remain supervised by the state' (Peterson 2009, p. 17).

Political and economic reforms have served to assure the continuity and stability of Qatar's economic standing and of its governance regime. Although Sheikh Hamad was the target of a political coup in 1996, he has succeeded in passing leadership to his son who appears to want to retain the direction taken by his father and to continue expanding Qatar's international economic footprint. Over the past five years, Qatar has been pursuing an expansive foreign investment process, buying major businesses, sports clubs, and buildings around the world and especially in Europe. It has succeeded in its bid to host the World Cup in 2022 despite several rumours about corruption plaguing the process. And it has an ambitious plan to extend a gas pipeline through Egypt and into the Levant.

On the one hand, the regime is likely to stay stable because of the lack of internal political dissent and the constant flow of wealth to citizens and tribal leaders. The previous Emir Hamad and his wife Sheikha Moza cultivated cult statuses for themselves as icons of modernity. The Qatar Foundation headed by Sheikha Moza has funded numerous education and social initiatives both within Qatar and in the Arab world, such as Doha's Education City, which has attracted major Western universities - mainly American - to open branches in the country. Education City is popular with the young Qatari generation, which regards this international presence with a sense of national pride. The small number and general homogeneity of Qatari citizens have also helped the Emir in running the country and directing its policies. The Arab revolutions that started in 2011 have not resulted in demands for reform in Qatar, despite Qatar's own support of the uprisings in places like Syria and Libya. As the countries in transition began to face serious political, economic, and security challenges and regressions, Gulf citizens at large (with the exception of oppositions in Bahrain, Yemen, and Saudi Arabia) have rallied around their governments, preferring stability over political change. This represents a continuation of public opinion before the Arab Spring: The Qatar World Values Survey 2010 revealed that 62% of Qataris said that maintaining order and stability is their individual priority, while only 11% said their priority is 'giving people more say in important government decisions' and 6% chose 'protecting freedom of speech' as a top priority (see SESRI 2010). Moreover, Qatar Value Surveys show that 75% and 74% of survey respondents selected the police and armed forces respectively

as the state institutions they have most confidence in, followed by the judiciary (67%), 'parliament' (the unelected Advisory Council) (57%), and government institutions (52%). Gulf governments have in turn actively averted the potential for public action by increasing monetary hand-outs. In Qatar, the government increased public sector salaries by 60% in September 2011 in a pre-emptive measure against dissent (Toumi 2011). Sheikh Hamad was also careful not to alienate the tribes through the process of economic liberalization. By making tribes beneficiaries of economic reforms (such as by granting them high-profile positions - most companies in Qatar have a Qatari figurehead at the top of the senior management), this engagement has served to push the tribes into accepting Western institutions and standards, while also remaining loyal to the regime (Fromherz 2012). In addition, the international community's political and security interests have diverted attention away from Qatar's political and economic shortcomings as Qatar is seen as a key strategic ally for the West.

On the other hand, international attention to human rights infringements in Qatar is putting some pressure on the regime to reform, as seen in the cases of Mohamad al-Ajami, the Qatari poet imprisoned in 2012 for composing a poem seen as critical of the Emir, and the World Cup construction workers facing death and injuries caused by their working conditions (Franks 2013). Politically, Qatar's support for Islamist groups across the Middle East and North Africa has meant engaging with volatile political and paramilitary actors whose loyalty cannot be guaranteed in the long run, forming a potential source of instability for Qatar. Economic ambitions have also had an inadvertently negative impact on foreign policy, as illustrated by the case of the Muslim Brotherhood, with which Qatar has had a close relationship for decades. Qatar's plan to extend a gas pipeline to the Levant through Egypt was one reason behind support for its Muslim Brotherhood allies in Egypt and Syria, only for the Brotherhood leadership to be overthrown in Egypt and to be replaced in the National Coalition for Syrian Revolutionary and Opposition Forces. However, Qatar pursues a pragmatic foreign policy and has begun engaging with the new leaders in both countries to ensure its stability and economic interests. Alliances with Western countries also continue to support its regime stability. Domestically, the new generation of educated Qataris may, in the long run, not remain satisfied with its system of governance. Increased engagement with the international economy is also driving further economic reforms. But demand for and prospects of change in Qatar are not likely to emerge in the near future.

4. Corruption indicators and the governance regime

4.1. Power distribution

Power in Qatar is distributed in a top-down manner, i.e. by the Emir, who allocates key government, civil service and private company positions to members of his family and to tribal figures. Under Sheikh Hamad bin Khalifa, the Prime Minister—Hamad bin Jassim—was a cousin from the Al Thani family. Seven of the 19 key ministers were from the Al Thani family as well, as are the governor of the Central Bank and the current director of Al-Jazeera. Members of the family of Sheikha Moza, Al Missned,

occupy key security positions, as do members of the family of the mother of Sheikh Hamad, Al Attiyah (The Economist 2010).

Qatar has a centralized local governance structure. As Jill Crystal explains, 'Qatar is divided administratively into ten municipalities (baladiyat). However since the majority of the population lives in the capital, local government is of little practical importance' (Crystal 2011, p. 183). Centralization and top-down control, coupled with the disempowerment of sources of discontent, and the lack of government elections, serve to keep the distribution of power in Qatar consistent.

4.2. State autonomy from private interest

In Qatar, there is no real separation between the state and the private interests of the ruling family. There are no lobbies, no government watchdogs, no independent civil society, and the freedom of the press is restricted when it comes to addressing internal affairs. Instead, citizens air their grievances through a traditional 'majlis' with tribal leaders, where people can submit petitions (The Economist 2010). Fromherz (2012) quotes Jill Crystal's statement about Qatar under Sheikh Khalifa as being still relevant today: 'power remains uninstitutionalized. There is no meaningful distinction, either political or legal, between the person of the Emir and the institutions of the state' (p. 125).

There is also no transparency in public procurement. There is an official procurement process in place as well as regulations regarding conflicts of interest; however, foreign companies have reported vagueness in the actual implementation of the process. The Global Integrity 2009 report additionally states that 'Public officials are not subject to financial disclosure laws and the State Audit Bureau is not mandated to audit the assets of these officials'. Another concern is that Articles 6 and 7 of Law 26 of 2005 regulating Tenders and Auctions 'permit tenders to bypass the public and competitive procurement process under specific circumstances; e.g., should there be an 'urgency in the need for the tender' or if there is a direct agreement established between the Central Tenders Committee and the company in light of the latter's rare products, works or services'. The Business Anti-corruption Portal adds that 'Unsuccessful bidders cannot challenge procurement decisions in court and companies found guilty of major procurement violations are not formally blacklisted. Several sources report that it often requires Qatar intermediaries or agents with good political connections to bid on large government contracts... Suppliers that use goods with Qatari content in their bids for government procurement enjoy preferential treatment as the government offers them a 10% discount on these goods' (Business Anti-corruption Portal 2013). In this sense, informal networks overrule regulations.

4.3. Public allocation

Public allocation in Qatar follows a rentier system. State wealth is subject to distribution, with the existence of a welfare state that increases dependence on foreign expatriates to be the real work force, while Qatari nationals take state distributions for granted (Peterson 2009). While non-citizens pay for health care, electricity, water, and

education, those services, in addition to housing, are provided to citizens for free (US Department of State 2011). Fuel is subsidized for businesses as well as citizens, and Qatari businesses and agriculture also receive capital, electricity, and water subsidies (Losman 2010).

The current Emir, Sheikh Tamim, is the head of the board of directors of the QIA responsible for domestic and foreign investments. The previous Prime Minister and Minister of Foreign Affairs, Hamad bin Jassim Al Thani, was also vice-chairman and CEO of the QIA while he was in office, and has now been replaced with the Emir's half-brother Sheikh Abdullah bin Hamad Al Thani (Middle East Online 2013). The QIA does not publish its holdings, making it unclear whether it handles royal investments or not. In this way, the state is not autonomous from private interests. It is difficult to establish the extent of this due to the lack of public information.

4.4. Relation between formal and informal institutions

Qatar's formal institutions intermingle with informal ones, mainly tribes. A major challenge for formal institutions in Qatar is that they are not always taken seriously because they are subverted by informal institutions. As The Economist reports, in the municipal elections in 1999, 'turnout for registration was so low that the government had to extend the deadline by a week to rustle up voters.... Most of Qatar's leading families did not take the poll seriously enough to field any candidates of their own' (The Economist 1999b). Among those who voted, almost all respondents in a survey conducted shortly after the elections revealed that they did so mainly according to tribal affiliations. The current appointed Advisory Council is dominated by Al Thani family members and tribal representatives, which are used by the Emir to ensure their consensus (Fromherz 2012).

4.5. Accountability and rule of law

Part of Sheikh Hamad's reforms covered the judiciary. In 1999, a court of final appeal was added to the Qatari legal system (Rathmell and Schulze 2000), following the establishment of the High Judicial Council 'tasked with offering advice on judicial appointments and to propose legislation concerning the judicial system. In October 2004, long-promised court reform unified Qatar's dual court system (of Shari'a and civil courts). In 2007 an Administrative Court and a Constitutional Court were established' (Crystal 2011, p. 185). In 2008, a Supreme Court was added, although the Emir appoints all of its justices. Although the judiciary system has been perceived as efficient in its operations, it suffers from the same infrastructural problems as other state institutions. The Emir also appoints all judges, implying that Qatari judges are selected on the basis of social connections, while non-Qatari judges are vulnerable to deportation (see Heritage Foundation 2013). Thus, court cases involving foreign nationals frequently discriminate in favour of Qataris (Global Integrity Report 2009 in Langer 2009). Law enforcement authorities are also more likely to grant bail to

citizens while noncitizens are more likely to be remanded to custody (US Department of State 2011).

Courts in Qatar do not engage in checks on the ruler. Court orders against royals and tribal allies are rare and have tended to revolve around failed coups, such as the case of the cousin of Sheikh Hamad who attempted a coup in 1996 and was arrested in 1999 (The Economist 1999a), and the case of Al Murrah tribe connected with the same coup, who were stripped of their Qatari nationality until it was restored in 2006 (Crystal 2011). An exceptional case is that of Sheikh Ali bin Jassim Al Thani, who was sentenced to six years in prison for involuntary manslaughter in 2013 following a fire that erupted at the Villaggio shopping centre the year before. However, Ali and the other three defendants are currently out of jail awaiting appeal (Doha News 2013). Normally, corrupt practices by princes are settled out of court as princes are granted immunity. Two examples are Sheikh Khalifa's departure with billions from Treasury money in 1995, and Hamad bin Jassim's alleged involvement in an arms deal in 1998, in which BAE paid bin Jassim £7 million in 'commission' for arranging the deal. Investigation of the deal was halted due to pressure on Britain by Qatar and BAE and the case was settled out of court (The Guardian 2007).

Qatari state institutions may engage in good practices but they do not have transparent infrastructures: State Audit Bureau reports are not made public and the head of the Bureau is appointed by the Emir. The National Human Rights Committee has limited ability and refrains from reporting on corruption cases. The National Committee for Accountability and Transparency, established in 2007, does not have public information or contact details. 'Evaluations regarding the performance of the Committee are mixed with the US Department of State 2010 noting that it carries out its mandate well and is regarded as effective, while its performance is considered as "weak" by Global Integrity 2009, mainly due to high political interference in its affairs' (see Heritage Foundation 2013). A new organization was established in 2011, called the Administrative Control and Transparency Authority. Its mandate includes 'probing the misuse of public funds and investigating complaints against government officials'. However, the Authority also does not publish public information. Qatari law additionally does not provide public access to government information, 'such as the budget, expenditures, or draft laws' (US Department of State 2013).

4.6. Personal autonomy and collective action capacity

Qatar's wealth has contributed to sustaining a sense of political apathy by negating the drive for economic-based calls for political change (Ulrichsen 2011). From the distractions offered by investments in sports and clubs to public sector employment, public services, and distributions based on social connections, the country's economy has served to stifle interest in political participation. The Qatar World Values Survey 2010 shows that 64% of Qataris named economic growth as their highest priority for Qatar, with only 16% saying their top national priority is more participation in decision making in work and community matters, despite 69% of all respondents saying that

they either 'very interested' (15%) or 'somewhat interested' (54%) in politics (see SESRI 2010).

Interest in politics does not necessarily mean interest in engaging in political activities, and this is not helped by the state of political parties and civil society: the former are banned, and the latter is not independent and is reliant on state revenue (Fromherz 2012). All nongovernmental associations - private, professional, and cultural - must be registered with and are monitored by the state (Blanchard 2008), 'and most groups... have had license requests refused' (Crystal 2011, p. 183). Justin Gengler and Mark Tessler's analysis of Qatar World Values Survey 2010 results regarding civic life also reveals that 'Qataris who channel their social, economic, and political ambitions through participation in civic associations are disproportionately likely to be less tolerant of others, less oriented towards democracy, and less confident in formal governmental institutions' (2011, p. 3). As the authors explain, Qataris 'seem to engage in association life primarily in order to seek their private advantage and interact with like-minded individuals, ends that serve exactly to reinforce rather than challenge the established social and political system' (Gengler and Tessler 2011, p. 13).

Crystal (2011) explains, 'In 2004 the government did issue a new labour law, giving Qataris the right to form trade unions and engage in collective bargaining (including the right to strike)' (p. 183). But The General Union of Workers of Qatar has a limited scope of action and is forbidden from affiliating with groups outside the country. Labour laws also offer little protection to non-citizens, as there is no minimum wage and employment for foreigners in Qatar is dependent on getting sponsorship from a Qatari national. This system has opened up the doors for human rights abuses, as illustrated in the case of Nepalese workers constructing World Cup sites, and whose abysmal working conditions have been linked with a high rate of deaths in their ranks. The sponsorship system is also open to abuse by mediators who recruit foreign nationals on commission, or who manipulate the law to take advantage of vulnerable foreign workers. Global Integrity has reported in 2009 that there have been cover-ups of incidents of worker abuse in order to maintain a good image of Qatar abroad and of influential families. The US State Department also reports in 2011:

expats are ineligible to form worker committees and can only be members of joint labor-management committees. Government employees cannot join the union. There are strict conditions on workers' strikes, making such collective action unlikely. A strike must be approved by ¾ of the company's workers committee, and the Labor Department must rule on all industrial disputes before a strike may be called. On 23 September 2010, 90 expat laborers began a strike protesting a 35% pay cut in violation of their contracts. All strike participants were arrested and deported. Those employees who had worked less than two years for the company in question, al-Badar Construction, were required to pay for their return tickets home.

At the same time, 'The right to peaceful public assembly is restricted. Public demonstrations... are banned. Permission is still required for public gatherings and demons-

trations, and the government grants these reluctantly' (Crystal 2011, p. 183). Among the migrant communities, demands for reform or participation in protests are therefore rare as foreign workers are concerned about retaining their residency and jobs (Barany 2013). Although Al Jazeera has gained a reputation as a daring news outlet, Qatari law restricts press freedom. For example, the 2002 media law states that journalists can be punished for 'criticizing friendly governments' (Barany 2013, p. 28). Despite the lifting of formal censorship in 1995, self-censorship in the media is regular practice. Al Jazeera refrains from criticizing Qatari affairs, and has since 2011 been put under the directorship of a member of Al Thani (Crystal 2011). While the seven daily newspapers in Qatar are not state owned, they are owned by members of the royal family or have close ties to the government. Foreign newspapers and magazines brought into Qatar are subject to censorship, as is internet usage for political and religious content (US Department of State 2011).

There are also indirect restrictions on reporting on corruption due to social conditions and the absence of a legal framework that can enable this reporting. According to Global Integrity 2009, the civil service has experienced an increasing independence since the government introduced a law in 2007 providing civil sector employees with the possibility to bring their grievances to court. The new law regulates the Administrative Court to resolve disputes between government bodies and citizens. Nevertheless, the report notes that very few would file complaints as undefined barriers built by societal stigmas impose self-censorship on public sector employees; these include reporting on corruption or inefficiencies.

There are no laws to protect whistle blowers, no anti-corruption watchdog, and no non-governmental anti-corruption initiatives, since Law 12 of 2004 makes it illegal for civil society organizations to focus on fighting corruption (see Business Anti-Corruption Portal 2013).

Summary and conclusions

The governance regime in Qatar is a solid neo-patrimonial, particularist one that places citizens as clients in a rentier state. As such, Qatar's system can be described as falling under the 'official moguls' label in Michael Johnston's typology of corruption. Johnson writes that in countries labelled as such, 'institutions are very weak, politics remains undemocratic or is opening up only slowly, but the economy is being liberalized at least to a degree. Civil society is weak or non-existent. Opportunities for enrichment and new risks for the already wealthy abound - but political power is personal, and is often used with impunity' (Johnston 2005, p. 46). Centralization of power and top-down control, coupled with the disempowerment of sources of discontent, and the lack of government elections, serve to keep the distribution of power in Qatar consistent. However, unlike the case of most neo-patrimonial states, Qatari citizens report a high degree of satisfaction and quality of life, driven by the state's support of most of their economic needs. Citizens appear to have comfort, but little personal or collective agency. Another particularity is that despite the co-optation of the tribal system, tribes

do constitute a form of checking on the Emir's authority, whose desire for political stability drives him to keep the tribes satisfied.

Informal networks, mainly based on tribal relations, permeate state institutions and associational life. Public procurement is not transparent and is reliant on social connections. But there are no mechanisms to prevent this as accountability and the rule of law are mostly dependent on who is the point of focus: The ruling family is above the law, as there are no accountability procedures, neither political (no elections) nor economic that apply to it. Public information about state institutions, including anti-corruption organizations, is largely absent, and the media refrain from reporting on corruption due to self-censorship as well as to their close ties to the government. Meanwhile, civil society organizations are prevented from engaging in anti-corruption activities, while they are themselves not independent from the state. Citizens are disempowered and lack interest in political participation, and state hand-outs ensure they refrain from voicing demands for reform. Migrants, on the other hand, are too scared to speak up about corruption or human rights abuses due to their complete dependence on Qatari job sponsorship. The Qatari judiciary may operate efficiently, but judges discriminate against foreigners and judges are not fully independent, as they are appointed by the Emir. Western countries have been largely silent about the shortcomings of the governance regime in Qatar because of their political, economic, and security interests that are invested in the regime and its stability.

Despite those factors, Qatar has engaged in more reforms to fight corruption than other countries in the Middle East and North Africa, and its success can be attributed to making economic bureaucracies efficient, eliminating the temptation to engage in petty corruption. Its liberalization of the economy has also forced it to adhere to international standards in order to attract foreign investors and traders. There has been a move to better governance in Qatar as demonstrated by the Emir's control of access to Treasury money by the royal family, the facilitations offered to businesses, and the increased exposure to global markets with strict anti-corruption requirements, which has forced Qatar to adhere to certain international standards. However, the reforms remain strictly top-down measures directed by the government, and exclude the ruling family and people in the business community with close ties to the government. As such, no matter the position of Qatar in anti-corruption indicators, 'good governance' in Qatar remains partial, not universal. In addition, good governance is about more than anti-corruption measures alone, and the principles of good governance (transparency, accountability, equality, etc.) are largely missing in Qatar. Although Qatar has the potential to evolve into having an open economic system, this transformation is constrained by its political and social milieu. Only when meaningful political reform and social change occur in Qatar can the country be seen as able to formulate comprehensive anti-corruption policies that are implemented transparently.

Methodological implications for anti-corruption measurement

There are four main lessons that can be drawn from this study. First, an examination of the structures and mechanisms of the governance regime in Qatar is needed to reveal the complexities and contradictions that seem to be missed by international anti-corruption indices. Such indices focus on what is known and on actors within the law, but it is difficult to objectively measure performances and practices of entities that place themselves above the law. The high level of legal cases settled out of court for example hides the real degree of engagement in corruption by members of the royal family, and that is not to mention the incidents of corruption that never make it to court due to personal and social connections and institutionalized favouritism.

Second, the analysis in this case study suggests that the methodology used in the corruption indices is likely to have a biased impact on scores. Transparency International's CPI, the WGI, and the GCI - which have rated Qatar highly in terms of anti-corruption measures - all partially rely on surveys or interviews with respondents from the resident business community who are asked about their perceptions rather than about in-country practices. The WGI also includes subjective assessments from non-governmental organizations and public sector bodies. However, as this study has shown, in the case of Qatar, the former are not independent from government influence and the latter are controlled by the ruling family. Qataris are bound by social ties and concerns about security and stability and foreign residents live in fear of deportation for speaking up, in the absence of laws that guarantee their human rights. The three indices' focus on respondents from the economic sector, which has been bureaucratized effectively, has also meant overlooking corruption within the political system.

As such, the context in which information for those three indices is gathered casts a shadow of doubt over the validity of the scores. A case in point is revealed by looking at measures of independence of the judiciary as revealed by those indicators, compared with results from the Human Rights Dataset, which relies on Amnesty International reports and the State Department's Country Reports on Human Practices - i.e., indicators of practice rather than perception - as sources.

Third, the analysis reveals that the specific indicators conventionally used to measure anti-corruption are incomplete, due to nuances not covered by those indicators. In their approach to what constitutes corruption, anti-corruption indices focus on bribery but miss measuring social allocation. Therefore, particular questions need to be asked to get a fuller picture of corruption and anti-corruption in Qatar, although answers to those questions are difficult to obtain because of Qatar's opaque governance system. Those questions include:

1. Is there public information about public expenditure? How transparent is public procurement? Unfortunately, there is little public information about this issue beyond anecdotal evidence.
2. Where do sources of information on corruption come from? Is there a freedom of information act? In the case of Qatar, information mostly comes from the government and the media are not free to report on corruption.

3. Where do anti-corruption initiatives come from? Are there any non-governmental anti-corruption initiatives? In the case of Qatar, all initiatives come from the government, which suggests lack of validity.
4. Is there a monitoring and accountability framework so that people know what is going on in their government? As Francis Fukuyama has argued, if one cannot measure, one cannot hold the government accountable, but it is often hard to measure the performance of government services (Fukuyama 2004). In Qatar, there is no watchdog to measure government performance and hold it accountable.
5. How independent is civil society? In Qatar, civil society is not independent.
6. How is corruption defined? In Qatar, corruption seems to be narrowly defined as being about bribes, while social connections linked with privileged allocation are widely accepted.

Finally, current governance indicators focus on measures related to the scope of state functions, but they miss measuring the strength of state institutions and state capacity. Fukuyama defines the scope of state activity as the different functions of the state, and state institution strength as the ‘ability of states to plan and execute policies, and to enforce laws cleanly and transparently’ (Fukuyama 2004, p. 22). He argues that in order to implement measures like business regulation, functioning court systems, and service delivery, states need to have capacity, such as the availability of money, people, education, and an efficient organizational culture. Within the latter, he points out that policymakers should be separate from policy implementers. As this analysis has revealed, while the Qatari state has the wealth and the bureaucracy, it lacks the human capacity and instead relies on foreign workers who work under great constraints, in addition to not investing in an indigenous highly skilled work force, and to having an organizational culture dominated by the ruling family and permeated by informal networks at all levels. Qatar’s state institutions may appear strong (and have indeed often been characterized as such) because of certain bureaucracies in place, but they lack important components of state capacity. The indicators therefore miss the weakness of Qatar’s state institutions, and therefore the ‘missing link’ between Qatar’s high ranking regarding anti-corruption and the context of its governance regime.

References

- Amnesty International (2013) ‘Qatar: The dark side of migration: Spotlight on Qatar’s construction sector ahead of the World Cup’, 18 November 2013. Available from: <<http://www.amnesty.org/en/library/info/MDE22/010/2013/en>>
- Barany, Z. (2013) ‘Unrest and State Response in Arab Monarchies’, *Mediterranean Quarterly*, 24(20), pp. 5-38
- Berrebi, C., Martorell, F. and Tanner, J. C. (2009) ‘Qatar’s Labor Markets at a Crucial Crossroad’, *The Middle East Journal* 63(3), pp. 421-42
- Blanchard, C. M. (2008) ‘Qatar: Background and US Relations’. Congressional Research Service. Available from: <<http://wlstorage.net/file/crs/RL31718.pdf>>
- Business Anti-corruption Portal (2013) Qatar Country Profile. Available from: <<http://www.business-anti-corruption.com/country-profiles/middle-east-north-africa/qatar/snapshot.aspx>>

- Crystal, J. (2011) 'Eastern Arabian States: Kuwait, Bahrain, Qatar, United Arab Emirates and Oman'. In D. E. Long et al. (eds.), *The Government and Politics of the Middle East and North Africa*, pp. 161-204
- Doha News (2013) 'Five charged in Villaggio fire deaths sentenced to jail for involuntary manslaughter', June 20. Available from: <<http://dohanews.co/five-villaggio-trial-defendants-jailed-for-involuntary/>>
- Ehteshami, A. and Wright, S. (2007) 'Political change in the Arab oil monarchies: from liberalization to enfranchisement'. *International Affairs* 83(5), pp. 913-32
- Franks, T. (2013) 'Sporting events shine spotlight on Qatar's human rights'. *BBC News*, 25 Jan 2013. Available from: <<http://www.bbc.co.uk/news/world-middle-east-21202067>>
- Freedom House (2003) *Freedom in the World 2003*. Available from: <<http://www.freedomhouse.org/report/freedom-world/freedom-world-2003>>
- Freedom House (2010) *Freedom in the World 2010*. Available from: <http://www.freedomhouse.org/report/freedom-world/freedom-world-2010#.Uvd34_mSxU>
- Fromherz, A. J. (2012) *Qatar: A Modern History*. Washington, DC: Georgetown University Press
- Fukuyama, F. (2004) 'The Imperative of State-Building' *Journal of Democracy* 15(2), pp. 17-31
- Gengler, J. and Tessler, M. (2011) 'Civic Life and Democratic Citizenship in Qatar: Findings from the First Qatar World Values Survey', *Middle East Law and Governance*, 5(3), pp. 258-79
- Heritage Foundation (2013) *Index of Economic Freedom – Qatar*. Available from: <<http://www.heritage.org/index/country/qatar>>
- Human Rights Dataset (2010) Available from: <<http://www.humanrightsdata.org/>>
- Hvidt, M. (2011) 'Economic and Institutional Reforms in the Arab Gulf States', *The Middle East Journal* 65(1), pp. 85-102
- Johnston, M. (2005) *Syndromes of Corruption: Wealth, Power, and Democracy*. Cambridge: Cambridge University Press
- Kamrava, M. (2009) 'Royal Factionalism and Political Liberalization in Qatar'. *The Middle East Journal* 63(3), pp. 401-20
- Khatib, L. (2013) 'Qatar's Foreign Policy: The Limits of Pragmatism', *International Affairs* 89(2), pp. 417-31
- Langer, N. (2009) Global Integrity Report 2009: Qatar, Available from: <<http://report.globalintegrity.org/Qatar/2009/notebook>>
- Losman, D. L. (2010) 'The Rentier State and National Oil Companies: An Economic and Political Perspective', *The Middle East Journal* 64(3), pp. 427-45
- Middle East Online (2013) 'No surprise as Qatar dismisses Hamad Bin Jassim from Investment Authority', 2 July. Available from: <<http://www.middle-east-online.com/english/?id=59847>>
- Mungiu-Pippidi, A. (2006) 'Corruption: Diagnosis and Treatment', *Journal of Democracy*, 17(3), pp. 86-99
- Mungiu-Pippidi, A. et al. (2011) Contextual Choices in Fighting Corruption: Lessons Learned, NORAD, Report 4/2011. Available from: <<http://www.norad.no/en/tools-and-publications/publications/publication?key=383808>>
- North, D. C. and Weingast, B. R. (1989) 'Constitutions and Commitment: The Evolution of Institutions Governing Public Choice in Seventeenth-Century England', *The Journal of Economic History* 49(4), pp. 803-32
- O'Donnell, G. (1996) 'Illusions about Consolidation', *Journal of Democracy* 7(2), pp. 34-51
- Peterson, J. E. (2009) 'Life after Oil: Economic Alternatives for the Arab Gulf States', *Mediterranean Quarterly* 20(3), pp. 1-18
- Rathmell, A., and Schulze, K. (2000) 'Political Reform in the Gulf: The Case of Qatar'. *Middle East Studies* 36(4), pp. 47-62

Acknowledgments



This project is co-funded by the Seventh Framework Programme for Research and Technological Development of the European Union

This policy report, *The Anticorruption Report 2: The Anticorruption Frontline*, is the second volume of the policy series “*The Anticorruption Report*” produced in the framework of the EU FP7 ANTICORRP Project. The report was edited by Prof. Dr. Alina Mungiu-Pippidi from the Hertie School of Governance, head of the policy pillar of the project.

ANTICORRP is a large-scale research project funded by the European Commission’s Seventh Framework Programme. The full name of the project is “*Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption*”. The project started in March 2012 and will last for five years. The research is conducted by 21 research groups in sixteen countries.

The fundamental purpose of ANTICORRP is to investigate and explain the factors that promote or hinder the development of effective anti-corruption policies and impartial government institutions. A central issue is how policy responses can be tailored to deal effectively with various forms of corruption. Through this approach ANTICORRP seeks to advance the knowledge on how corruption can be curbed in Europe and elsewhere. Special emphasis is laid on the agency of different state and non-state actors to contribute to building good governance.

Project acronym: ANTICORRP

Project full title: *Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption*

Project duration: March 2012 – February 2017

EU funding: Approx. 8 million Euros

Theme: FP7-SSH.2011.5.1-1

Grant agreement number: 290529

Project website: <http://anticorrrp.eu/>

Full-length versions of Chapters 2, 3, 4, 5 and 6 are available at <http://anticorrrp.eu> and www.againstcorruption.eu.

All these contributions were given as part of the European Union Seventh Framework Research Project ANTICORRP (*Anti-corruption Policies Revisited: Global Trends and European Responses to the Challenge of Corruption*). The views expressed in this report are solely those of the authors and the European Union is not liable for any use that may be made of the information contained therein.