



Income Distribution Trends among Families in the State of Qatar

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Executive Summary

The State of Qatar is always keen to promote the family's standard of living through providing work opportunities for individuals, boosting their productivity and consequently raising their income. In order for the citizens and expatriates to enjoy modern live amenities, the State also provides and supports basic services and commodities. The society's wellbeing can, however, be measured by the amount of services and commodities utilized by families or by its spending set to this effect, which in its turn reflects the actual income of individuals. Therefore, the development in the society's standard of living over time could be determined through tracing and measuring changes in income distribution among Qatari and non-Qatari families throughout the last two decades (1982-2007).

The study has reached significant results, the most important can be summarized as follows:

- Development in Qatari family's income and its distribution over time:
 1. Average income of Qatari and non-Qatari families has evenly increased throughout the last twenty five years (1982-2007). However, average income of Qatari families has always exceeded by as much as twice that of non-Qatari families.

Table (1)
Average family income in the State of Qatar

Year	Qatari	Non-Qatari
1982	11648	5845
1988/1989	14538	7473
2000/2001	19912	8030
2006/2007	41483	15243

2. Inequitable distribution of income among non-Qatari nationals is greater than in Qatari nationals. Considerably, there is a fairer distribution of income among Qatari citizens compared to non-Qatari nationals. This is justifiable as unlike Qatari nationals who are classified under middle or high income categories, non-Qatari families are substantially distributed to different income categories, especially with the changing structure of expatriate workers and the growing number of skilled workers.

3. Due to the economic growth and comprehensive development as well as the need for experts, skilled and unskilled workers, inequitable distribution of income among Qatari citizens has declined throughout the last twenty five years (fair income distribution increased), and has slightly increased among non-Qatari nationals.
4. Despite the decline in value of Gini Coefficient for Qatari people in general, and the slight increase in the value of non-Qatari people throughout the last twenty five years, the value of Gini Coefficient has increased for the entire Qatari population in general from 36.6% to 38.6%, and eventually to 43% during the periods 1988-2001-2007 successively. Furthermore, inequality of income with respect to the entire population exceeds that of each category. This is due to the difference which can be clearly realized on the entire population level as a result of including Qatari and non-Qatari people in the study, especially as far as categories with low and middle income are concerned.
5. In Qatari families, inequality of income is more common among low-income categories, while it is higher in high-income categories for non-Qatari families.

Table (2)
Gini Coefficient according to nationality

Nationality	1988/1989	2000/2001	2006/2007
Qatari national	34.6%	31.5%	26.8%
Non-Qatari national	30.6%	32.6%	37.8%
Total	36.4%	38.6%	43.0%

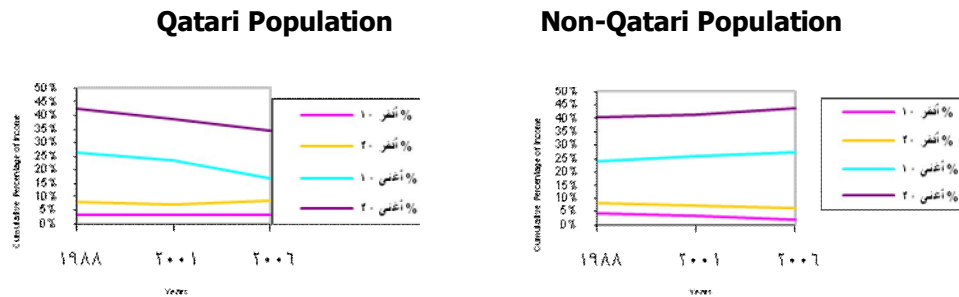
6. Richest 10% of Qatari people received five times the income of poorest 10% in the year 2007. While among non-Qatari people, the income received by same richest percentage reached 14.4 times of that received by same poorest percentage in 2007. In the entire population however, richest 10% received 18 times the income received by the poorest 10% in 2007.
7. Richest 20% of Qatari people generated as much as 4 times the income generated by the poorest 20% of Qatari people in 2007. However, there is a larger gap for the richest 20% of non-Qatari people who generated as much as 6 times the income generated by the poorest 20%. As for the entire population, the richest 10% generated 11 times the income generated by the poorest 10% of the population in 2007.

Table (3)
Ratio of income for fixed percentage of the population in 2007

Ratio of income to % of the population	Qatari nationals	Non-Qatari national	Total
Income of richest 20% to poorest 20%	4.1	6.8	11.2
Income of richest 10% to poorest 10%	5.0	14.4	17.5

8. Income of poor Qatari people has increased throughout the last twenty five years, while income of rich people decreased. This reflected on the rate of the inequitable income distribution, which has been considerably improved during such period. On the other hand, non-Qatari poor people have now become even poorer while non-Qatari rich people have become richer. As a result, inequality of income distribution has increased during this period.

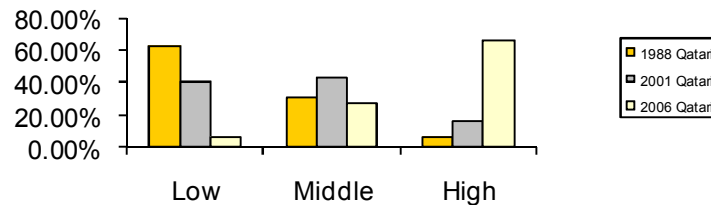
Figure (1)
Ratio of income for fixed percentage of the population



9. Factors influencing income distribution structure in the State of Qatar can be summarized as follows:
- Economic growth and increasing per capita income from the gross domestic product (GDP).
 - Low rate of unemployment and growing rate of economically active population.
 - High spending on education and health as a part of the GDP leads to an increasing number of persons able to work and narrows the gaps in the educational level of workers, who in return receive equal or nearly equal incomes.
 - Finally, privatization and shares subscription policies, and allocation of shares of companies offering their shares in the market have led to the redistribution of the Qatari people income in favor of the low-income categories.
- Growing size of the middle class in the Qatari society:
1. Vertical movement among society classes with different incomes have come in favor of all Qatari and non-Qatari families. In virtue of such movement, families moved from a certain class to higher classes, whether being from the low to middle class or from the middle to high class.
 2. Although families in the middle class do not constituted the greater percentage of the society, whether for Qatari people or the entire population, its size has been relatively increased, especially for non-Qatari families whose size is about to be one third of the entire non-Qatari population.

3. 66% of Qatari families were classified under high-income classes, while low-income families did not exceed 6% in the year 2007. Meanwhile, 61% of the non-Qatari families were classified under low-income classes, compared to only 11% under high-income class.

Figure (2)
Relative distribution of Qatari families under different income classes



- Equitable distribution of income in the State of Qatar and its international rank compared to other countries
- Lack or low quality of data pertinent to income is one of the major obstacles facing the process of measuring inequitable distribution of income with respect to other countries, especially Arab and Gulf countries. Hence there are no declared values, whether in international reports or local publications.
- Ranking 40th among countries with high human development in 2005, the State of Qatar also comes 27th (according to the study) among other countries with equitable distribution of income, and, consequently, goes in line with developed countries, even without having a tax system used as a tool for income distribution.

The following recommendations were concluded by the study:

1. General trend of equitable income distribution should be traced in the State of Qatar, which currently witnesses a steady economic, social and political development.
2. It is necessary to conduct regular income and expenditure surveys and to improve quality of its data. These surveys are exceptionally important for determining size and resources of family incomes as well as expenditures, and are a prerequisite for determining the national poverty line.
3. It is necessary to officially determine the national poverty line, where:
 - This allows establishing a number of standards for determining degree of poverty.
 - It is a crucial indicator for the Department of Social Affairs to determine amount of national insurance salaries payable to certain

categories of the society determined according to law. These salaries should however be adequate for the basic needs of life.

- It is an indicator for determining minimum wages.
4. Inequality of intra and inter-country distribution of income is one of the major obstacles in the path of human development that decelerate reaching and achieving millennium objectives. Therefore, more attention should be devoted towards provision of income data and regular calculation of income distribution indicators to evaluate development of income distribution in the State of Qatar, and to provide data required for purposes of international reporting and comparisons.
 5. As indicated earlier, human capital creation is one of the important factors influencing the equitable distribution of income. Hence, it is necessary to continue adopting policies leading to human capital creation. This however entails more expenditure on education and health, and accordingly increases the productivity level, work opportunities or the ability to continue working and subsequently achieving higher income.
 6. In order to have full advantage of economically active labor (achieve full employment) and to decrease unemployment rate, as the greater percentage of unemployed persons are from university, school, and institute graduates who have no previous work experience, the education policies should be designed to correspond to requirements of labor market.
 7. When calculating indicators of human development in the State of Qatar, especially indicators of inequitable distribution such as Gini Coefficient, the values reached are higher in calculations for the entire population as previously mentioned. However, when calculated separately for Qatari and non-Qatari inhabitants, the values of Gini Coefficient are lower. In other words, there is a more equitable distribution of income when calculated separately for Qatari and non-Qatari inhabitants, and a lesser degree of equality when merging these two categories, which have different characteristics. In this case, the value for the entire population would be misleading, and therefore a footnote explaining such value should be included when publishing the same internationally.