Subsidy Reduction and Relative Poverty among Qatari Households

**Issue summary and policy recommendations**

The reduction of economic subsidies (e.g., on vehicle fuel and electricity) can bring important financial and environmental benefits to Qatar, but such changes also have the potential to impact negatively the poorest Qatari families. Here we examine the issue of relative poverty among Qatari nationals with a view toward understanding how subsidy cuts can be implemented without harming the most financially vulnerable citizens.

**12%** of Qatari households have incomes of less than QR15,000 per month, with **6%** earning below QR10,000 per month.

Recent studies assessing the extent of relative poverty among Qatari households give figures ranging from around 10% to 20% of nationals, depending on the specific methodology used.

Nationals living in relative poverty are disproportionately disabled persons, pensioners, former drug addicts, former prisoners, and also widows and their children. They generally live outside of Doha. These families employ various strategies to hide their unfavorable economic situation—for instance, by taking on debt to finance lifestyles they cannot afford, or by encouraging younger family members to work rather than continue their secondary education.

Here we define relative poverty as below half the median level of household income (that is, below the 25th percentile). By this definition, recent SESRI face-to-face surveys indicate that as many as **20%** of Qatari households live in relative poverty.

Summary of Findings

1. At least one in ten Qatari households lives in “relative poverty” as usually defined.
2. Poorer Qataris tend to move away from metropolitan Doha towards less expensive areas, raising commuting costs.
3. Transportation (including vehicle and fuel costs) already constitutes a key expenditure of lower income citizens.
4. The poorest Qataris tend to spend more than they earn, often by receiving bank loans.

Recommendations

1. Introduce a voucher for Qatari households to compensate for future hikes in vehicle fuel prices.
2. Reduce the need for commuting by expanding key social services outside of Doha.
3. Establish a task force on relative poverty.

**Figure 1.** Distribution of monthly household income of Qatari families

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Source: SESRI GCC Identity survey, January 2016; \( N = 783 \)
Several policy options could allow desired reductions in economically burdensome subsidies without harming the most vulnerable Qatari households.

**Compensation system before fuel price increases**
Introduce a voucher system for relatively poor Qatari households to compensate for any future increases in vehicle fuel prices or other subsidy reduction schemes. Vouchers could take the form of direct cash transfers or, more preferably, through a system of payment cards usable in limited areas such as petrol stations. These cards could be distributed to any registered Qatari driver or, again more preferably, citizens falling into specific socioeconomic categories.

**Decrease the need for daily commuting to Doha**
Expand key social services in secondary urban centers such as Al-Wakrah, Al-Khor, and Al-Shamal to help reduce the need for regular commuting to Doha. Such services might include additional special needs centers and university branch campuses offering local tertiary education opportunities. These services are currently only available in metropolitan Doha.

**Establish a task force on relative poverty**
Establish a cross-organization task force or committee on relative poverty among Qatari citizens. Such a body should be charged with sharing and reviewing the latest research findings on relative poverty and proposing solutions in line with QNV 2030. The task force could include representatives from relevant ministries along with those from schools, charities, independent research centers, and the private sector.