

FEBRUARY 2012 BRIEF

QATAR'S RISING ENTREPRENEURIAL SPIRIT

The Silatech Index is a nationally representative, semiannual poll of residents aged 15 to 29 throughout the Arab world. The poll captures the opinions of more than 20,000 young Arabs in all 22 Arab League states regarding the barriers and opportunities associated with finding good jobs and starting businesses in their respective countries. The Index has been produced since 2009 and is the product of a partnership between Silatech and Gallup.

The Silatech Index analysis is conducted by Gallup scientists and researchers pursuant to the Silatech-Gallup partnership. The views expressed in this brief are those of Gallup, and do not necessarily reflect those of the trustees, offices, and other staff of Silatech.

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Mindset aims to *improve society's recognition of and support for young people's contributions to economic and social capital and better inform youth about the realities of working life.*

MINDSET INDEX							
	SPRING 2009	FALL 2009	SPRING 2010	FALL 2010	SPRING 2011	FALL 2011	Δ = ↑↓--
Algeria	60	63	68	72	66	68	↑
Bahrain	76	80	74	82	70	69	↓
Comoros	51	51	52	56	55	55	--
Djibouti	72	74	-	70	65	-	--
Egypt	61	58	56	56	52	52	--
Iraq	53	49	45	42	41	44	↑
Jordan	70	66	67	65	65	67	↑
Kuwait	71	76	77	-	83	67	↓
Lebanon	61	60	62	59	61	56	↓
Libya	-	-	60	51	-	-	--
Mauritania	55	60	66	60	62	60	↓
Morocco	71	67	63	58	58	64	↑
Oman	-	-	-	-	88	81	↓
Palestinian Territories	47	50	52	51	51	52	↑
Qatar	83	-	-	82	86	86	--
Saudi Arabia	75	73	70	73	74	74	--
Somaliland	63	67	70	74	68	81	↑
Sudan	71	61	65	62	54	58	↑
Syria	68	68	66	66	58	54	↓
Tunisia	74	74	71	70	66	56	↓
United Arab Emirates	78	83	79	79	82	84	↑
Yemen	53	53	55	55	53	46	↓

- No index score calculated due to unavailable items

QATAR'S RISING ENTREPRENEURIAL SPIRIT

Policy seeks to *promote the adoption of enabling policies to stimulate increased employment and economic opportunities for young people and social inclusion.*

POLICY INDEX							
	SPRING 2009	FALL 2009	SPRING 2010	FALL 2010	SPRING 2011	FALL 2011	$\Delta = \uparrow \downarrow --$
Algeria	43	47	51	57	55	55	--
Bahrain	70	62	53	69	53	63	↑
Comoros	51	48	56	51	58	58	--
Djibouti	60	60	-	69	57	-	--
Egypt	61	49	-	-	48	41	↓
Iraq	43	34	28	30	25	31	↑
Jordan	61	72	-	63	65	61	↓
Kuwait	68	70	77	70	75	65	↓
Lebanon	42	32	36	39	32	37	↑
Libya	-	-	52	48	-	-	--
Mauritania	48	55	61	63	57	61	↑
Morocco	72	58	-	57	56	73	↑
Oman	-	-	-	-	74	71	↓
Palestinian Territories	44	46	46	42	39	45	↑
Qatar	75	-	-	71	83	78	↓
Saudi Arabia	77	66	-	-	61	-	--
Somaliland	68	62	68	70	64	80	↑
Sudan	73	62	54	51	47	56	↑
Syria	64	59	51	51	46	50	↑
Tunisia	78	78	75	66	54	47	↓
United Arab Emirates	81	84	83	85	81	81	--
Yemen	52	48	52	45	37	37	--

- No index score calculated due to unavailable items

QATAR'S RISING ENTREPRENEURIAL SPIRIT

Access seeks to improve young people's access to demand driven and market-oriented skills training and job placement services and to improve micro-, small-, and medium-sized enterprises' (MSMEs) access to capital, business development services, and markets.

ACCESS INDEX							
	SPRING 2009	FALL 2009	SPRING 2010	FALL 2010	SPRING 2011	FALL 2011	Δ = ↑↓--
Algeria	34	41	45	43	44	44	--
Bahrain	46	54	55	60	46	46	--
Comoros	21	18	25	28	28	27	↓
Djibouti	52	52	-	48	44	-	--
Egypt	30	22	22	23	33	25	↓
Iraq	26	29	26	21	17	20	↑
Jordan	39	42	37	30	40	30	↓
Kuwait	44	59	64	61	66	46	↓
Lebanon	25	23	27	21	16	21	↑
Libya	-	-	21	23	-	-	--
Mauritania	27	29	34	38	33	30	↓
Morocco	38	42	36	41	35	41	↑
Oman	-	-	-	-	73	65	↓
Palestinian Territories	24	30	28	29	26	26	--
Qatar	62	-	-	71	74	69	↓
Saudi Arabia	50	51	59	61	56	48	↓
Somaliland	43	43	51	49	40	55	↑
Sudan	48	33	38	33	33	20	↓
Syria	41	35	33	35	31	27	↓
Tunisia	53	56	50	52	33	23	↓
United Arab Emirates	50	66	65	50	53	55	↑
Yemen	29	23	21	25	21	11	↓

- No index score calculated due to unavailable items

Qatar's Emir, Sheikh Hamad bin Khalifa Al-Thani laid out a roadmap for the country's economic future in 2008 with the adoption of The Qatar National Vision 2030. The plan spelled out Qatar's long-term strategy for modernization and sustainable development, signaling a departure from a model fully dependent on the export of natural resources. The Qatar National Vision represented an important step in setting the country on the path toward a more diversified economy with an enhanced role for the private sector.

Though efforts to promote entrepreneurship in Qatar began prior to 2008, Qatar National Vision 2030 reinforced the idea that the government should target entrepreneurship and innovation capabilities as a long-term strategy for converting its natural resource wealth into high-value industries and services. Under the leadership of Sheikh Hamad, Qatar has actively worked to create a knowledge-based economy characterized by innovation, improved education, and entrepreneurship. Gallup polling data in Qatar has since uncovered signs of a more robust entrepreneurial youth culture than in any of its Arab neighbors.

Government-supported efforts to create a culture of entrepreneurship have taken shape through large investments in education and training. Major efforts to promote entrepreneurship in the country have included the creation of the Qatar Development Bank, which provides lending to small businesses, and Enterprise Qatar, another government entity designed to support and develop the country's small- and medium-sized enterprises (SMEs) sector. Additionally, through the efforts of the Qatar Foundation, the Qatar

Science & Technology Park (QSTP) in partnership with Carnegie Mellon University in Qatar launched its Executive Entrepreneurship Certificate Program in 2007, with plans to become an incubator for local businesses and entrepreneurs.

Today, Qatar has an opportunity to become an entrepreneurial hub of the region. Its investments in the country's youth have laid the foundation for future innovation, while according to a 2007 World Bank Report, its economy, buoyed by the continued sale of oil and gas, is growing faster than its current output of graduates. More favorable for entrepreneurship and investment, Qatar levies no income taxes upon its citizens and residents, offers very low corporate taxes, and has a large amount of investible wealth in the hands of its citizens.

With an estimated 60% of people in the Arab world under the age of 25, the World Economic Forum (WEF) has indicated that the Middle East and North Africa (MENA) region needs to add 75 million jobs by 2020 to keep pace with demographic growth and the rate of unemployment in the region. In light of the global recession and citizens' evolving views on their relationship with their government in the Middle East as a result of the Arab Spring, the issue of youth employment in the Arab world will only gain in prominence in the years ahead. Through its partnership with Silatech, Gallup has been collecting data and information on the economic integration of young people in the Arab world since 2009. This brief serves to highlight the attitudes of Qatar's youth toward entrepreneurship by examining the country's efforts to enact economic change through free enterprise.

Among Arab Countries, Only Qatar Continues to Expand Its Young Entrepreneurial Base

Arab countries have seen a marked decrease in young people planning to start businesses in recent years. In 2009, 26% of Arab youth aged 15 to 29 could be labeled as young aspiring entrepreneurs, or those planning to start a business within 12 months. By 2010, the Arab world's pool of young aspiring entrepreneurs dropped to 11%, before settling at 9% in the fall of 2011.

Although this drop has largely occurred in parallel with the global recession, its magnitude and uniformity across the Arab world has been stark. In Algeria, the proportion of young aspiring entrepreneurs fell to 9% in the fall of 2011 from 30% in the spring of 2009. During the same period, Saudi Arabia's percentage of young aspiring entrepreneurs dropped to 3% from 32% and Lebanon's to 11% from 21%. Altogether, the proportion of young aspiring entrepreneurs has decreased in 20 of 21 Arab countries and the Somaliland region since 2009, with little account

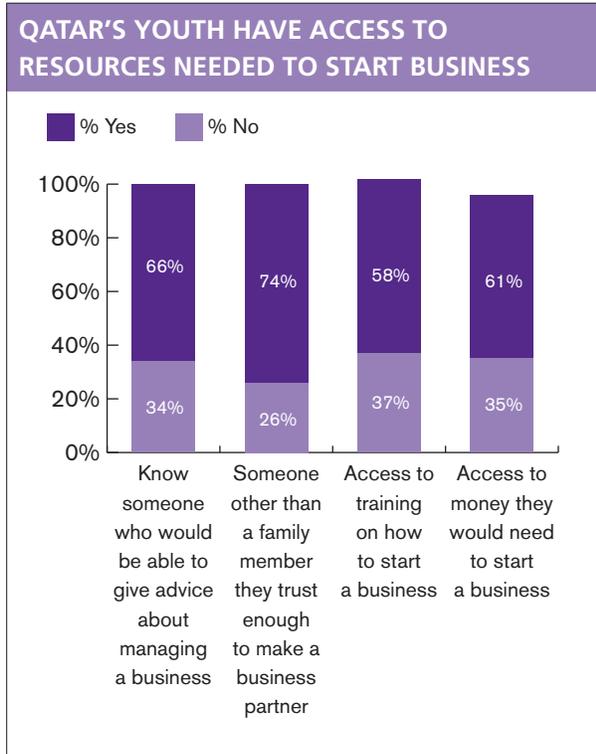
for region, local economic climate, or political stability. Qatar stands alone as the only Arab country in which youth entrepreneurship levels held firm or grew during this period, increasing to 33% by the fall of 2011 from 24% in 2009.

Young Qataris Are Gaining Access to Funds and Knowledge Needed to Start Businesses

Qataris' attitudes toward starting businesses are improving in tandem with the establishment of favorable conditions for entrepreneurship in the country. Qatar's government has made youth entrepreneurship key to its economic vision. There is evidence to suggest that the country is successfully leveraging its financial wealth to create an environment conducive to creating businesses. Government programs providing support services to potential and existing Qatari entrepreneurs are being vigorously promoted as a growing culture of free enterprise takes root. As a result, two-thirds of Qataris aged 15 to 29 say they personally know someone who would be able to give them



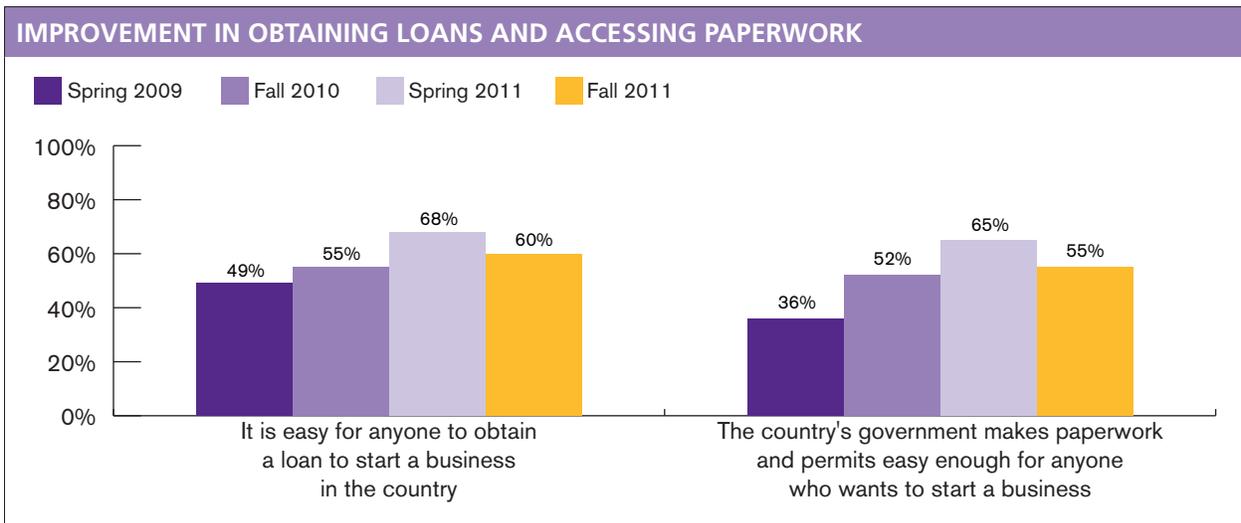
advice about managing a business. Similarly, 74% of Qatari youth say there is someone other than their family members they trust enough to make a business partner. Majorities of young Qataris also acknowledge having access to training on how to start a business (58%) and access to money to start a company (61%).



Obtaining Loans and Necessary Paperwork to Start Business Seen as Easier

Efforts to improve Qatar's commercial environment by streamlining business licensing procedures has led to a significant improvement in attitudes toward starting a company. In 2011, 55% of young Qataris agreed that the government makes paperwork and permits easy enough for anyone wanting to start a business, up from 36% in 2009. Additionally, Qatari youth are increasingly more likely to say that in general it is easy for anyone to obtain a loan to start a business in the country. Of youth aged 15 to 29, 60% agreed with this statement in 2011, compared with 55% in 2010 and 49% in 2009.

The country's improved facilitation of free enterprise was noted in the World Bank's 2012 "Doing Business" report, which saw Qatar rise 32 places to No. 98 in its "getting credit" indicator and 8 places to No. 116 in the "starting a business" indicator. While gains in World Bank indicators demonstrate the usefulness of Qatar's increasingly pro-business policies, the country's relatively low rank in these two categories show that the country can still do far more to encourage and assist its young aspiring entrepreneurs.



Young Qataris Still Most Likely to Prefer Public Sector Employment

While Qatar's improving views of entrepreneurship stand out in the region, its citizens' high level of interest in government employment remains similar to that of other Arab countries. Assuming that pay and work conditions were similar, more young Qataris would prefer to work in government (58%) than in self-employment (13%), private business (8%), or the non-profit sector (13%). In the Arab world, the safety of a career in government has generally been accepted as preferable to entrepreneurship in recent history. The Qatari government's status as a preferred employer is likely due to its shorter work hours, higher salaries, and generous holidays. Compared with 2009, however, Qatari youth are now slightly less likely to say they prefer government work, and slightly more likely to say they would choose self-employment or a job in the private sector.

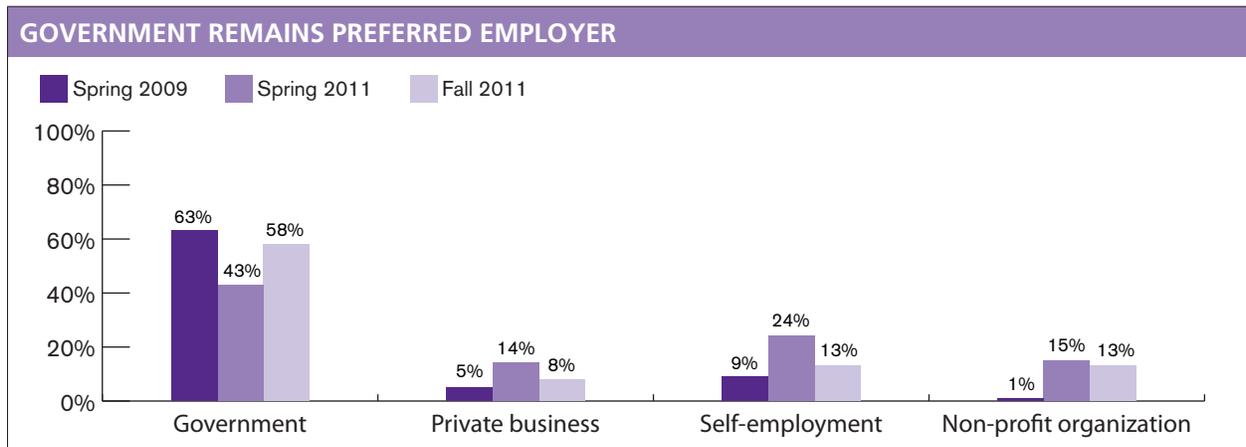
Qatari Youth Look Favorably Upon Current Job Climate

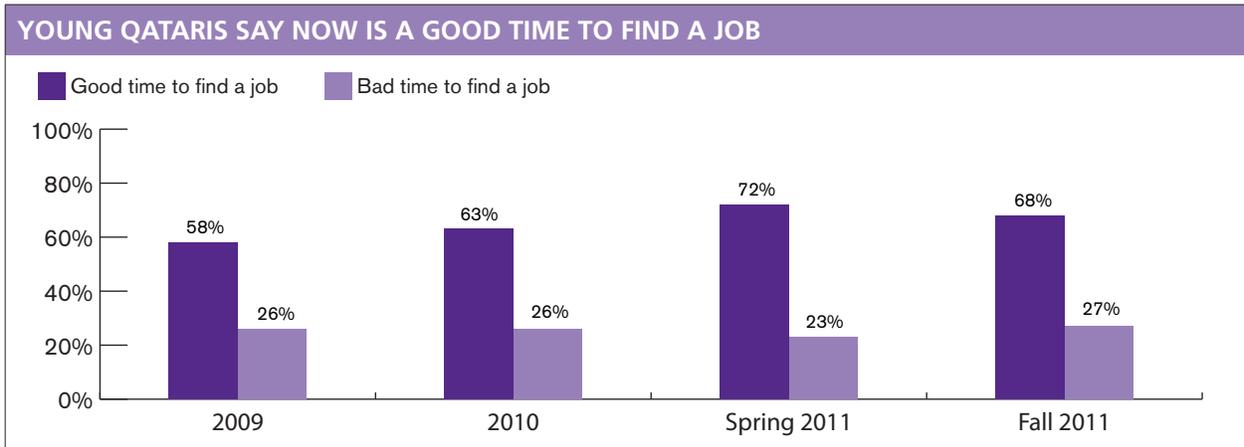
The sale of hydrocarbons, which account for 60% of Qatar's GDP, has paved the way

for unprecedented economic growth and impressive living standards for the country's 250,000 citizens. Qatar's prosperous economic climate and government benefits programs have naturally skewed the incentive for work and entrepreneurship as compared to many countries. Symbolic of Qatari wealth, all citizens received a standard 60% salary increase on already inflated salaries in October 2011, in line with the actions of other Gulf Cooperation Council governments in the wake of Arab Spring instability. By status of their citizenship, Qataris are essentially guaranteed the comforts of a middle-class lifestyle, thus most would never need to start a business as a means of economic survival but are more likely to be guided into entrepreneurship by financial ambition or ideas of passion.

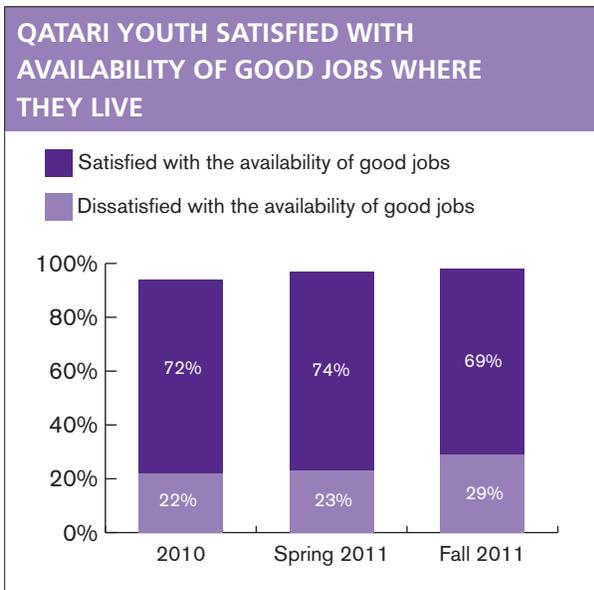
Consistent with the country's relatively low rate of unemployment among youth (estimated at 11% in 2010), 68% of young Qataris agree that now is a good time to find a job in the city or area where they live. This sentiment has improved over the past two years, up from 58% in 2009 and 63% in 2010.

Additionally, 69% of young Qataris remained satisfied with the current availability of good jobs





in the city or area where they live. While self-employment and entrepreneurship have become more accessible and slightly more desirable for Qatari youth, it is clear that in the current economic climate they do not remain short of options in finding employment.



The Way Forward

Young Qataris' attitudes toward entrepreneurship in Qatar are positive as the country continues

to pursue the conditions needed for a vibrant entrepreneurial environment. Qatar's nascent success in fostering an entrepreneurial spirit, however, is as likely due to top-down government promotion as it is the country's own political economy. In focusing on its young people, Qatar seems to have realized that efforts to create an entrepreneurial culture begin in the classroom. Qatar should continue in its efforts to provide training programs in entrepreneurship, promote successful entrepreneurs as national role models, and identify and nurture talent at a young age. Qatar must maintain its focus on building an entrepreneurial culture if it wishes to confront its singular reliance on fossil fuels and the regional employment model centered on the public sector.

Progress made in recent years toward simplifying the process of starting a business must be maintained. Reducing the cost, time, and effort involved in establishing a company should be viewed as a high priority. Despite the country's overall positive business environment, Qatar does not compare well with other high-income countries on the ease of starting a business. The World Bank's 2012 Doing Business report shows the country at a low tier, wedged between Nigeria and Mali on its

"starting a business" indicator. Government efforts to cut red tape associated with business licensing are a practical and efficient way to assist the country's young aspiring entrepreneurs.

Due to Qatar and the Gulf region's heavy reliance on finite natural resources, the need for economic diversification and the establishment of sustainable industries will only become more urgent in the years to come. Furthermore, structural employment shifts away from the public sector are already underway in the Arab world in countries experiencing youth bulges and increased interaction with the global economy. As a result, there is now a growing realization in many Arab countries of the need to invigorate the private sector. Entrepreneurship can be part of the economic solution that empowers countries to navigate these realities.

Qatari policy has formally recognized the need for entrepreneurial promotion and has placed the country at the forefront of this issue. With conditions for entrepreneurship growing increasingly favorable, there are signs that Qatar has begun to make tangible progress in its goal of promoting innovation and free enterprise among its youth. If the country can prove successful in this task, it may soon find many countries in the Arab world looking to study the lessons of its experience.

Survey Methods

Gallup is entirely responsible for the management, design, and control of this study. For the past 70 years, Gallup has been committed to the principle that accurately collecting and disseminating the opinions and aspirations of people around the globe is vital to understanding our world. Gallup's mission is to provide information in an objective, reliable, and scientifically grounded

manner. Gallup is not associated with any political orientation, party, or advocacy group and does not accept partisan entities as clients.

Results are based on approximately 1,057 interviews with Qatari nationals aged 15 to 29 from 2009 to 2011. Face-to-face interviews were held in 2009 and telephone interviews in 2010 and 2011. Surveys were conducted March 11-19, 2009; October 18-November 21, 2010; February 10, 2010-April 19, 2011; and November 21, 2011-January 6, 2012. For results based on the total sample of Qatari youth, one can say with 95% confidence that the maximum margin of error ranges from ± 6.6 to ± 7.8 percentage points. The margin of error reflects the influence of data weighting. In addition to sampling error, question wording and practical difficulties in conducting surveys can introduce error or bias in to the findings of public opinion polls.

The questionnaire was translated into Arabic. The translation process starts with an English version. A translator who is proficient in the English and Arabic languages translates the survey into the target language. A second translator reviews the language version against the original version and recommends refinements.

This Silatech Index analysis is conducted by Gallup scientists and researchers pursuant to the Silatech-Gallup partnership. Beginning in 2009, Gallup has systematically measured the perceptions of young people across the region on the challenges related to employment and entrepreneurship. Gallup analysts lead the effort in disseminating the findings of the Silatech Index to regional and global leaders and institutions engaged in addressing the challenges surrounding young people and employment in the region.

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