



QATAR

February 2025

2024 ARTICLE IV CONSULTATION—PRESS RELEASE; STAFF REPORT; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR QATAR

Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. In the context of the 2024 Article IV consultation with Qatar, the following documents have been released and are included in this package:

- A **Press Release** summarizing the views of the Executive Board as expressed during its January 27, 2025, consideration of the staff report that concluded the Article IV consultation with Qatar.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on January 27, 2025, following discussions that ended on November 21, 2024, with the officials of Qatar on economic developments and policies. Based on information available at the time of these discussions, the staff report was completed on January 8, 2025.
- An **Informational Annex** prepared by the IMF staff.
- A **Statement by the Executive Director** for Qatar.

The documents listed below will be separately released.

Selected Issues

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**International Monetary Fund
Washington, D.C.**



IMF Executive Board Concludes the 2024 Article IV Consultation with Qatar

FOR IMMEDIATE RELEASE

Washington, DC – February 11, 2025: On January 27, 2025, the Executive Board of the International Monetary Fund (IMF) concluded the Article IV consultation¹ with Qatar.

Growth normalization after the 2022 FIFA World Cup continued, with signs of strengthening activities more recently. Real GDP growth is projected to improve gradually to 2 percent in 2024–25 supported by public investment, spillovers from the ongoing LNG expansion project, and strong tourism. Medium-term growth is expected to accelerate to 4½ percent on average, boosted by the significant LNG production expansion and initial gains from implementing reforms guided by the Third National Development Strategy (NDS3). Headline inflation will likely ease to 1 percent in 2024 and converge to around 2 percent over the medium term.

With lower hydrocarbon prices, both the current account and fiscal surpluses narrowed in 2023, to 17 percent of GDP and 5½ percent of GDP, respectively. The twin surpluses moderated further in 2024. Over the medium, as Qatar's LNG production expands massively, both the current and fiscal accounts will likely remain in surpluses, albeit declining as a share of GDP, as hydrocarbon prices are projected to fall.

Banks are well-capitalized, liquid, and profitable, with the capital adequacy ratio of close to 20 percent and return on equity of 14½ percent, respectively, in the third quarter of 2024. Since the implementation of QCB measures to reduce banks' net short-term foreign liabilities, banks' non-resident deposits declined significantly, and banks have lengthened the average maturity and diversified further the sources of foreign funding. The sector-wide NPL ratio remained broadly unchanged at slightly below 4 percent and the provisioning coverage ratio is relatively high at above 80 percent.

Qatar has started to implement the ambitious Third National Development Strategy (NDS3) to build a more diversified, knowledge-based and private sector-driven economy. Guided by NDS3, reform momentum has strengthened significantly, including to attract and retain high-skilled expatriate workers, foster innovation, promote public-private partnerships, and further improve the business efficiency. Qatar is well positioned to leverage digitalization and AI for productivity gains, and the nation's climate agenda is advancing.

Risks to the outlook are broadly balanced. Main downside risks stem from the global headwinds, including a sharper-than-expected global growth slowdown, increased volatility in global financial conditions and commodity prices, and further worsening of geopolitical tensions. The regional conflict has had limited impact on Qatar but adds further to the downside risks through lower tourism and capital inflows, and more volatile hydrocarbon

¹ Under Article IV of the IMF's Articles of Agreement, the IMF holds bilateral discussions with members, usually every year. A staff team visits the country, collects economic and financial information, and discusses with officials the country's economic developments and policies. On return to headquarters, the staff prepares a report, which forms the basis for discussion by the Executive Board.

prices. Domestic downside risk stems mainly from further weaknesses in the real estate sector, although strong tourism and policy measures introduced in 2023 could mitigate the risk. Over the medium and long term, supply in the global natural gas market is expected to expand significantly, potentially putting downward pressure on prices. On the upside, sustained high hydrocarbon prices and accelerated NDS3 reforms would strengthen the outlook. However, if ambitious NDS3 initiatives lead to resource misallocation, both the public finance and growth prospect would be affected.

Executive Board Assessment²

Executive Directors agreed with the thrust of the staff appraisal. They welcomed Qatar's continued resilience to external shocks and its favorable medium-term outlook, driven by significant increases in LNG production and the reforms under the Third National Development Strategy. Directors agreed that maintaining prudent macroeconomic policies and accelerating reform efforts would further solidify macroeconomic stability and resilience to shocks while boosting prosperity.

Directors commended the authorities' commitment to continued fiscal prudence and called for accelerating fiscal reforms. They recommended adopting a medium-term fiscal anchor to help ensure intergenerational equity, and reiterated the need to accelerate revenue diversification, particularly by introducing the value-added tax. Directors highlighted the importance of improving spending efficiency and composition, particularly by enhancing public investment management. They welcomed the ongoing efforts to strengthen fiscal institutions and adopt a full-fledged medium-term fiscal framework with enhanced fiscal risk management.

Directors supported the authorities' efforts to maintain financial stability and deepen domestic financial markets, while encouraging them to consider undertaking a Financial Sector Assessment Program update. They welcomed the newly introduced risk-based supervision and recommended formalizing the financial safety net and continuing to adjust macroprudential policies to mitigate potential macro-financial risks. Directors encouraged the authorities to sustain their progress in fighting financial crimes.

Directors agreed that the exchange rate peg continues to serve Qatar well. They concurred that, as conditions allow, strengthening the operational framework would further enhance monetary policy transmission.

Directors supported the authorities' strategy to build a more diversified, private sector-led, and knowledge-based economy. They recommended fostering innovation and business efficiency and enhancing human capital by attracting and retaining more high-skilled expatriate workers, improving Qatari nationals' employment in the private sector, and further increasing female labor force participation. Directors agreed that aligning domestic energy prices with export prices would benefit public finances and support climate goals. They also encouraged the authorities to close remaining data gaps, with the help of IMF capacity development.

² At the conclusion of the discussion, the Managing Director, as Chair of the Board, summarizes the views of Executive Directors, and this summary is transmitted to the country's authorities. An explanation of any qualifiers used in summing up can be found here: <http://www.IMF.org/external/np/sec/misic/qualifiers.htm>.

Table 1. Qatar: Selected Macroeconomic Indicators, 2021–25

(Quota: 735.1 million SDRs, November 2024)

(Per capita income: U.S.\$69,541, 2023)

(Life expectancy at birth: 81.6 years, 2022)

(Population: 3.1 million, 2023)

	2021	2022	2023	Projections	
				2024	2025
Production and prices					
Real GDP (2018 prices)	1.6	4.2	1.2	1.7	2.4
Hydrocarbon 1/	-0.3	1.7	1.4	1.4	3.0
Nonhydrocarbon	2.8	5.7	1.1	1.9	2.1
CPI inflation (average)	2.3	5.0	3.0	1.0	1.4
Public finances					
Revenue	29.6	34.7	32.8	26.2	28.7
Expenditure	29.4	24.3	27.3	25.9	26.2
Current	18.3	15.6	17.5	17.2	17.5
Capital	11.1	8.8	9.7	8.7	8.7
Central government fiscal balance	0.2	10.4	5.6	0.3	2.5
Money					
Broad money	1.4	17.4	1.1	4.1	5.6
Credit to private sector	9.5	7.4	4.9	5.5	6.1
External sector					
Exports	58.7	68.6	60.4	58.7	60.1
Imports	34.1	31.6	33.9	33.4	35.1
Current account balance	14.6	26.8	17.1	16.6	15.5
in billions of U.S. dollars	26.3	63.1	36.5	37.0	35.2
External debt	161.4	115.5	123.2	118.1	116.8
Central Bank's reserves	23.5	20.1	24.2	24.5	25.4
in months of next year's imports	6.6	7.7	8.1	8.0	7.9
Exchange rate (per U.S. dollar) 2/	3.6	3.6	3.6	3.6	3.6
Real effective exchange rate (percent change) 3/	-2.6	6.5	0.2	-0.5	...

Sources: Qatari authorities; and IMF staff estimates and projections.

1/ Includes crude oil, natural gas, propane, butane, and condensates.

2/ January 6, 2025

3/ November 2024.



QATAR

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION

January 8, 2025

KEY ISSUES

Context: Growth normalization after the 2022 FIFA World Cup continued with signs of activities strengthening more recently. Fiscal and external surpluses softened mainly due to lower hydrocarbon prices. Banks are healthy but pockets of vulnerabilities remain. Reform momentum has strengthened, guided by the Third National Development Strategy (NDS3).

Outlook and risks: Near-term growth is expected to strengthen gradually. The medium-term outlook is more favorable, bolstered by massive LNG production expansion and reform gains. Fiscal and external surpluses will likely remain but moderate. Qatar has so far been resilient to the regional conflict, with risks to the outlook being balanced overall. Qatar's strong policy buffers can help mitigate the impact of adverse shocks.

Fiscal policy: The authorities' commitment to continued fiscal prudence is welcome. The positive outlook provides an opportunity to accelerate revenue diversification including to introduce a value-added tax and broaden the corporate income tax, enhance spending efficiency and gradually align domestic energy prices with export prices, and reorient spending to enable private sector-driven growth. Adopting a full-fledged medium-term fiscal framework, anchored by the benchmark to ensure intergenerational equity, will enhance fiscal sustainability while securing priority spending. Greater fiscal transparency and risk management, including on Public-Private Partnerships, will support the strategy.

Monetary and financial sector policies: The currency peg continues to serve the country well. Efforts to strengthen liquidity management are welcome and should be guided by the recent IMF technical assistance. Continued diligence to safeguard financial stability and formalizing the financial safety net are critical. Promoting more stable domestic funding through market deepening initiatives would help reduce banks' exposure to short-term foreign funding. Strong efforts to improve AML/CFT effectiveness should continue.

Structural reforms: Successful NDS3 implementation requires proper reform prioritization and inter-agency coordination. Priorities include to enhance human capital and innovation, promote trade diversification and FDI (with domestic knowledge spillovers) and further improve business efficiency, especially access to finance. Qatar is well positioned to leverage digitalization and AI for productivity gains. Accelerating climate actions can strengthen sustainability and generate "green" growth. Policies targeting specific sectors or economic zones should be managed carefully. Statistics should continue to improve.

Approved By
Zeine Zeidane (MCD)
and Niamh Sheridan
(SPR)

Discussions were held in Doha during November 10–21, 2024. The staff team comprised Ms. Ran Bi (head), and Messrs. Mohamed Ashour, Ken Miyajima and Tongfang Yuan (all MCD). Ms. Mira Merhi (OED) joined mission meetings. Mmes. Oksana Ament and Esther George provided editorial support.

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CONTEXT

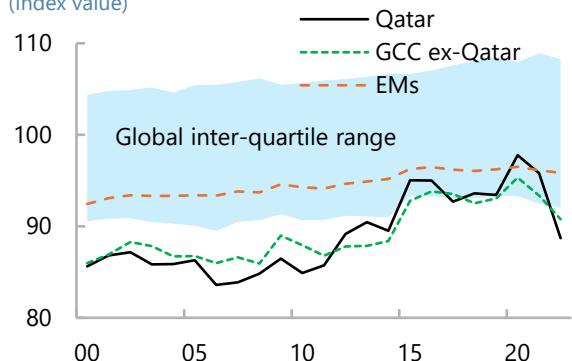
1. Qatar has started the implementation of the much anticipated Third National Development Strategy (NDS3) to chart a new course for economic transformation (Text

Figure 1). Driven by significant public infrastructure investment over the last decade, Qatar's non-hydrocarbon economy has grown to account for about two-thirds of the total output. Diversification in fiscal revenue and exports, however, has progressed more slowly. The trend decline in total factor productivity has also been a drag to economic growth. Acknowledging these challenges, NDS3 (launched in January 2024) calls for a decisive transition from the costly state-driven growth model to a private sector-led one, with the state becoming an enabler. NDS3 is reform-focused, aiming to build a more sustainable and knowledge-based economy, with ambitious targets set and "diversification clusters" identified to build comparative advantages (Annex I). Reform momentum has strengthened significantly since the launch of NDS3.

Text Figure 1. Qatar's Diversification Progress and Challenges

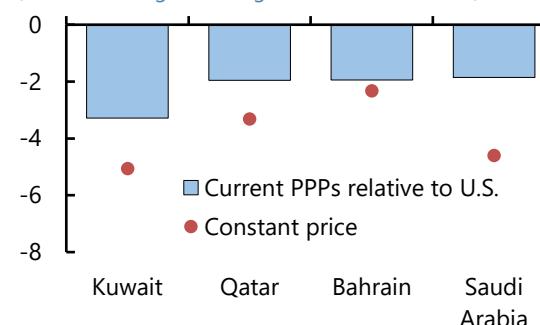
Qatar has made limited progress in economic diversification.

Economic Diversification Index 1/
(Index value)



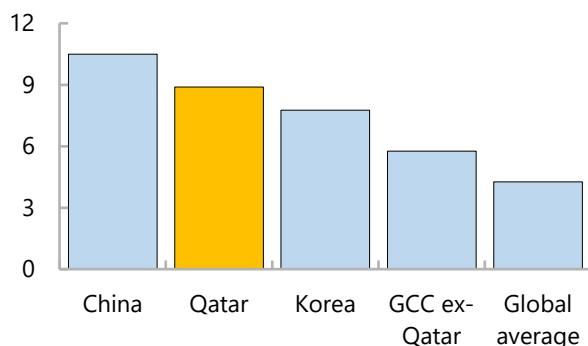
...its productivity growth has been subdued.

TFP Trend in Selected GCC Countries
(Percent, average annual growth rate, 1974-2019)



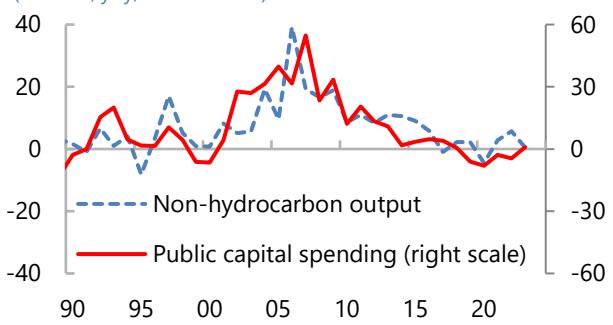
While Qatar's infrastructure quality has improved significantly...

Capital Service Improvements 2/
(Percent, year on year, average for 1980-2019)



The state-driven growth model proves costly—more durable growth should come from the private sector.

Public Capital Spending and Non-hydro Output
(Percent, yoy, in real terms)



Sources: Global Economic Diversification Index, Haver Analytics, Penn World Table (PWT), and IMF staff calculations.

1/ The index reflects output, fiscal revenue and export diversification.

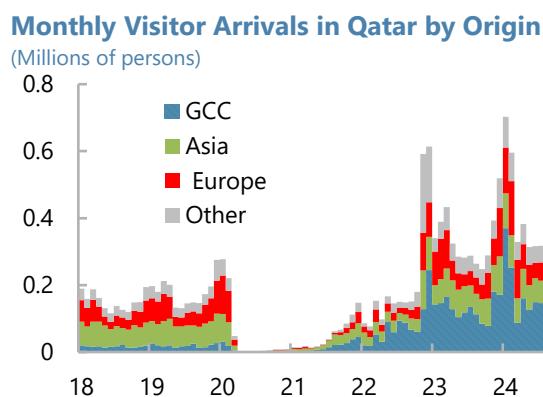
2/ Capital services at constant 2017 national prices from PWT.

RECENT ECONOMIC DEVELOPMENTS

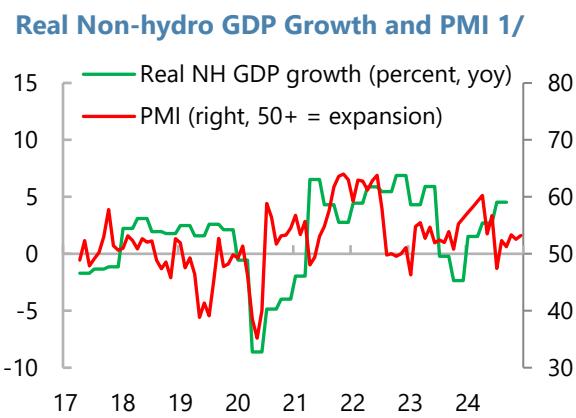
2. Growth normalization after the 2022 FIFA World Cup continued with signs of a gradual rebound more recently (Figure 1 and Text Figure 2). Real GDP growth declined from 4.2 percent in 2022 (where World Cup-related activities lifted non-hydrocarbon growth to 5.7 percent) to 1.2 percent in 2023 (with non-hydrocarbon growth at 1.1 percent as construction activities contracted and services growth moderated). Tourism rose significantly since the World Cup, with visitor arrivals rising 60 percent from 2022 to 2023. Real GDP growth strengthened gradually to an average of 1.4 percent (year on year) in the first three quarters of 2024, supported by non-hydrocarbon growth of 2.9 percent. The peak tourist arrivals during the 2024 soccer Asian Cup (January–February) exceeded those during the World Cup. The population continued to rise and employment reached a record high. Recent PMI readings were mostly in the expansionary territory—with new orders and employment particularly strong—benefiting from public investment and the ongoing North Field LNG expansion project. The non-hydrocarbon output gap is estimated to be close to zero.

Text Figure 2. Real Sector Developments

Visitor arrivals to Qatar have been strong...



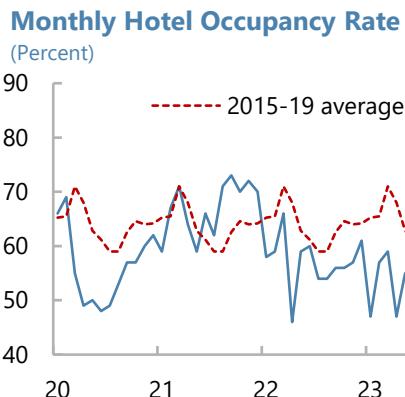
PMI suggests gradual strengthening of growth ...



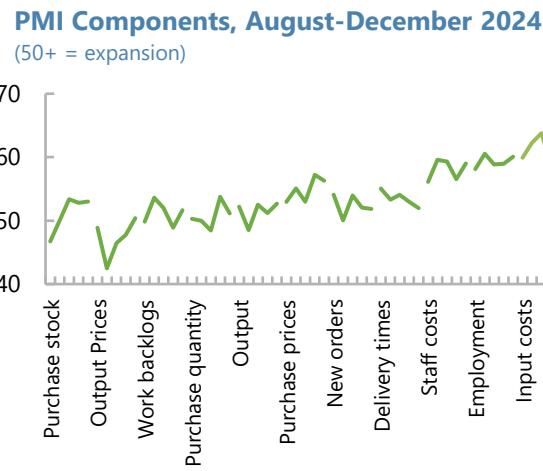
Sources: Haver and IMF staff calculations.

1/ Quarterly real non-hydrocarbon GDP growth and monthly PMI.

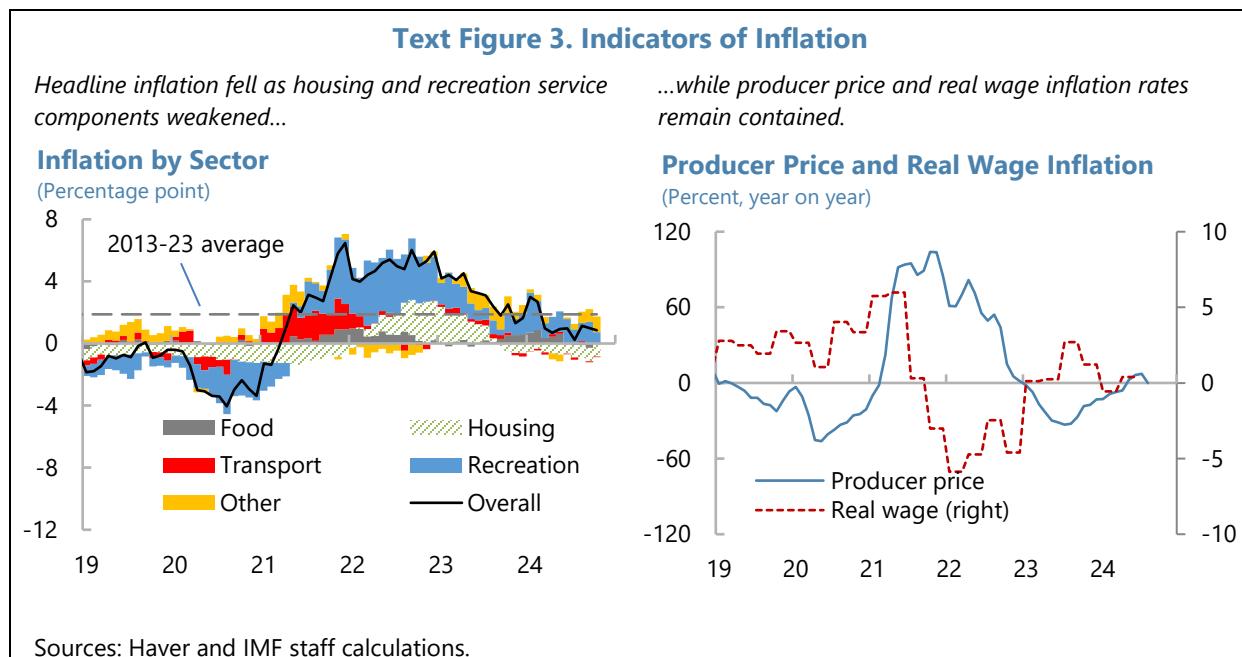
...lifting hotel occupancy to above pre-COVID trend.



...supported by a sustained increase in new business.



3. Inflation continued to moderate amid the growth normalization and tighter monetary policy (Figure 2 and Text Figure 3). Headline inflation declined from 5 percent in 2022 to 3.0 percent in 2023 (period average). It decelerated further to 1.2 percent in 2024 through October as rent and recreation services inflation weakened. Producer price and wage inflation remained contained.



4. Domestic financial conditions tightened, while monetary policy easing started in September 2024 (Figure 2 and Text Figure 4). The QCB continued to follow the US Federal Reserve in setting policy rates and improved liquidity management through calibrated T-bill issuance. As hydrocarbon prices moderated, the associated liquidity to the banking sector decreased. Bank lending to domestic private sector eased to 5 percent (year-on-year) in 2023 while credit to the public sector contracted after major World Cup-related infrastructure projects were completed. Domestic credit accelerated in 2024 so far as private credit to services and trade strengthened, and positive public credit growth resumed to support investment projects. Credit to the real estate sector contracted (year-on-year) earlier in 2024 but grew from August.

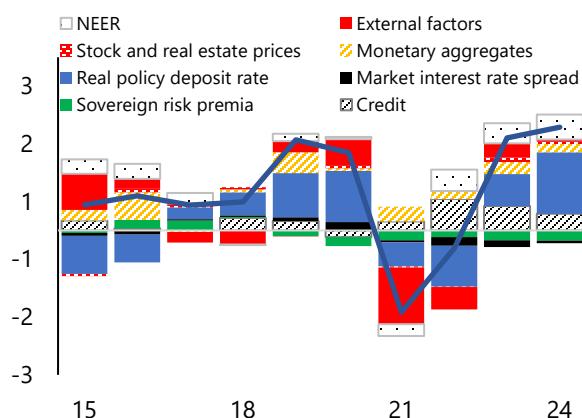
5. The current account surplus narrowed mainly on lower hydrocarbon prices (Figure 3 and Text Figure 5). The current account surplus shrank from 27 percent of GDP in 2022 to a still sizeable 17 percent of GDP in 2023. The trade surplus moderated further in 2024 as hydrocarbon export continued to decline. On the other hand, tourism and transportation services were buoyant, and remittance outflows remained stable despite a rise in expatriate employment. The QCB's international reserves rose gradually to US\$53.8 billion in November 2024, strengthening the reserve coverage (projected to reach 62 percent of the ARA metric by end 2024). This is complemented by the sizeable foreign assets held by Qatar Investment Authority (QIA), estimated to have exceeded 200 percent of GDP in 2023, through which a significant share of the hydrocarbon windfalls is invested abroad. The external position is assessed to be moderately stronger than the level suggested by medium-term fundamentals and desirable policies (Annex II).

Text Figure 4. Financial Conditions and Bank Credit

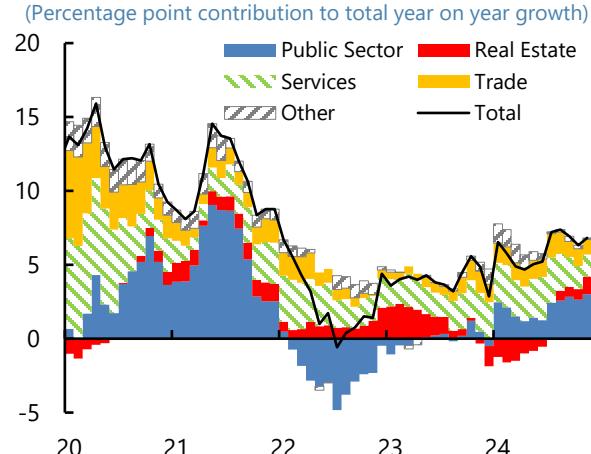
Financial conditions tightened further in 2024 through September...

...while credit growth rose in 2024.

Qatar's Financial Condition Index 1/ (Z score)



Domestic Bank Credit by Sector 2/ (Percentage point contribution to total year on year growth)



Sources: S&P, and IMF staff calculations.

1/ Up to September 2024. See the Selected Issues Paper "Financial Conditions and Growth-At-Risk for Qatar".

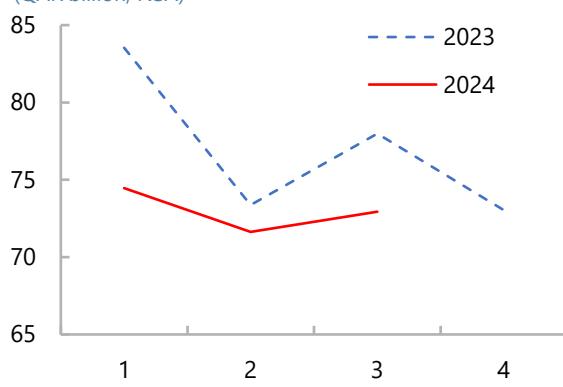
2/ Real estate also includes contractors. Other also includes consumption and industry.

Text Figure 5. Indicators of Hydrocarbon Exports and Capital Flows

Hydrocarbon export values in 2024 through the third quarter were below 2023 levels...

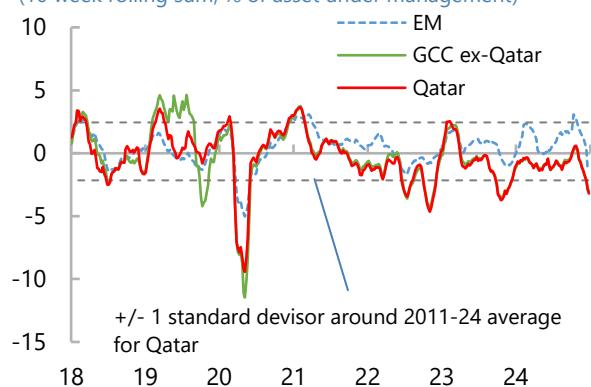
...while net portfolio inflows recovered from their trough in 2023 Q4 before falling in late-2024.

Quarterly Exports of Hydrocarbon Products (QAR billion, NSA)



GCC and EM: EPFR Net Bond & Equity Inflows

(10 week rolling sum, % of asset under management)



Sources: EPFR, Haver, and IMF staff calculations.

6. The fiscal stance loosened moderately in 2023 (Figure 4). The overall fiscal surplus narrowed to 5.6 percent of GDP in 2023 and declined further in the first three quarters of 2024 as hydrocarbon revenues weakened. The 2023 central government spending rose by 3 percentage

points (pps) of GDP from 2022 (1½ ppts of GDP above budgeted). The 2023 non-hydrocarbon primary balance (NHPB) thus worsened by 1½ ppts of non-hydrocarbon GDP from 2022, representing a moderate fiscal loosening. The central government debt remained largely unchanged in percent of GDP (43 percent at end-2023).

7. The banking sector remains healthy (Figure 5 and Text Figure 6). Banks are well-capitalized (with the Capital Adequacy Ratio of close to 20 percent in 2024Q3) and liquid, with robust net interest margin (NIM) as higher funding costs were mostly passed on to borrowers. Banks' non-interest income also increased, supporting profitability. The sector-wide NPL ratio remained broadly unchanged at 3.9 percent in 2024Q3, but bank-level NPLs varied considerably, tilted to the weaker side. On the other hand, NPLs are relatively well provisioned, by more than 80 percent. Actions have also been taken to address relatively high NPLs in some banks, including through restructuring. Since the implementation of QCB measures to reduce banks' net exposure to short-term foreign liabilities,¹ banks' non-resident deposits declined significantly in 2022 before stabilizing (as a share of total liabilities) since 2023, and other foreign liabilities fell only modestly. Banks' foreign liabilities thus remained elevated, but with lengthened average maturity and more diversified external funding sources.

Text Figure 6. Bank-level Indicators of Profitability and Asset Quality 1/

(Percent, median and interquartile range)

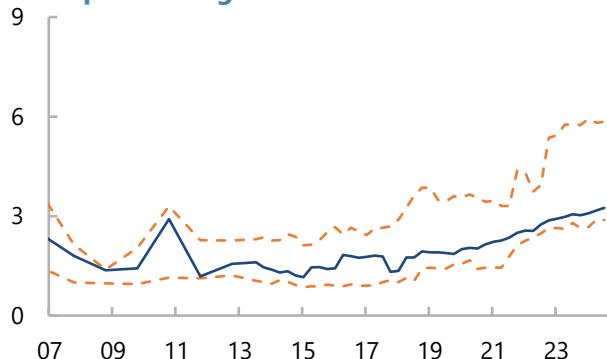
Net interest margin has remained strong, despite variation among below-median banks having risen.

Variation in bank-level NPLs has also risen more recently, tilted to the weaker side.

Net Interest Margin



Non-performing Loans



Sources: S&P Capital IQ and IMF staff calculations.

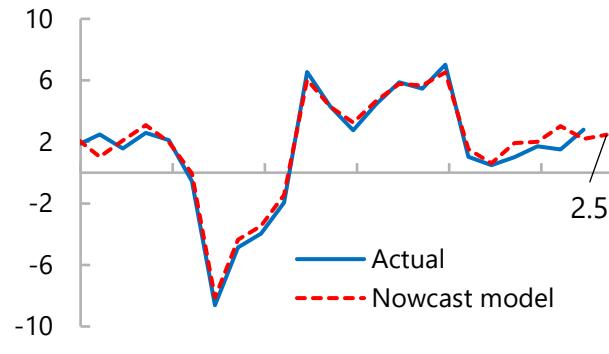
1/ Based on a subset of the banking system tracked by S&P Capital IQ.

¹ In early 2022, the QCB adjusted reserve requirements in foreign currencies for short-term non-resident deposits and the calculation of LCR and NSFR ratios using more conservative assumptions of outflow run-off rates. In late 2023, the QCB refined the reserve requirement to target on banks' short-term foreign asset-liability mismatches. Also see footnote 9 of the [2022 Article IV Staff Report for Qatar](#) and paragraph 21 of the [2023 Article IV Staff Report for Qatar](#) for further discussions and assessment.

OUTLOOK AND RISKS

8. Growth is expected to strengthen gradually in the near term and pick up more forcefully over the medium term. Real GDP growth is projected to improve to 2 percent in 2024–25, in line with staff's nowcasting estimates (Text Figure 7 and Annex III), as non-hydrocarbon growth gradually increases, supported by public investment, spillovers from the ongoing LNG expansion project, and strong tourism. Monetary policy easing will likely accelerate domestic credit growth and bolster broader economic activities. Medium-term growth is expected to accelerate (to an average of around 4¾ percent) on the back of massive North Field LNG production expansion (a cumulative increase of around 85 percent by 2030), and initial NDS3 reform gains. Headline inflation will likely ease to 1 percent in 2024, before converging to 2 percent over the medium term as monetary policy eases and growth strengthens.

Text Figure 7. Nowcasting of Quarterly Non-hydrocarbon Output Growth
(Percent, year on year)



Sources: Haver and IMF staff calculations.

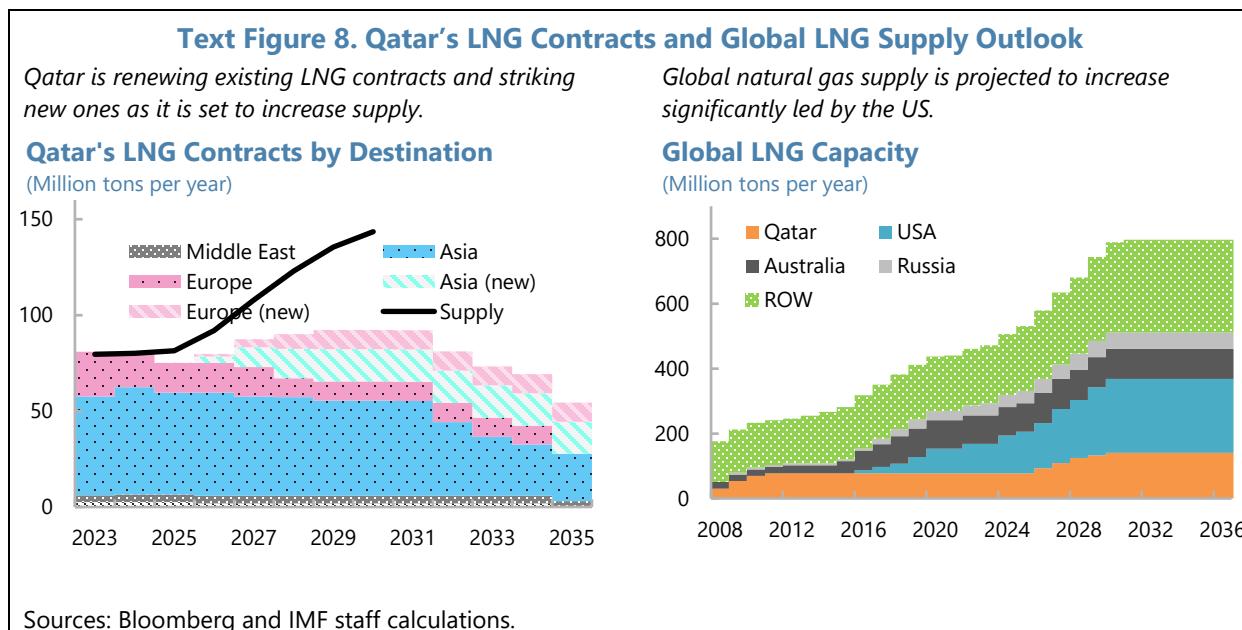
9. The external and fiscal surpluses will likely remain, albeit declining as a share of GDP. Qatar's LNG production expansion is set to generate significant hydrocarbon revenues and maintain the twin surpluses, assuming continued fiscal discipline. The surpluses (in percent of GDP), however, are projected to moderate over the medium term as hydrocarbon prices are expected to soften. Central government debt is set to gradually decline to around 36 percent of GDP by 2029. Qatar is assessed to have a low overall risk of sovereign stress (Annex IV).

10. Risks to the outlook are broadly balanced (Annex V). Main external downside risks include a sharper-than-expected global growth slowdown, increased volatility in global financial conditions and commodity prices, and further worsening of geopolitical tensions. The regional conflict has had limited impact on Qatar, but adds further to the downside risks with potential impact through lower tourism and capital inflows, and more volatile hydrocarbon prices. Domestic downside risk stems mainly from further weaknesses in the real estate sector, while the risk could be mitigated by the proper implementation of the measures introduced in 2023 to enhance transparency and regulation of real estate activities² as well as strong tourism. Over the medium and long term, the expected significant expansion of global natural gas supply could exert downward price pressures, although Qatar's low production cost and proven reliability could mitigate the impact (Text Figure 8).³ Other key downside risks include worsening climate stressors and a disorderly global energy transition. On

² In 2023, the law regulating the real estate sector was updated, the Real Estate Regulatory Authority was established to strengthen regulation, and macroprudential measures were refined to enhance risk control of bank lending to the real estate sector. See Box I. "State of the Real Estate Sector in Qatar" in [the 2023 Staff Report for Qatar](#).

³ See Annex I. Qatar's Natural Gas: Global Positioning and Prospects of [the 2023 Article IV Staff Report for Qatar](#).

the upside, sustained high hydrocarbon prices and accelerated NDS3 reforms would strengthen the outlook. However, if ambitious NDS3 initiatives lead to resource misallocation, both the public finance and growth prospect would be affected.



Authorities' Views

11. The authorities broadly concurred with staff's assessment of the economic outlook and risks. They highlighted the significant boost to growth from the NF LNG expansion and intensifying reform efforts to meet ambitious NDS3 targets. They noted that the regional conflict had no visible impact on Qatar, including on LNG shipment. The authorities highlighted that strong tourism and reforms related to permanent residency through real estate investments would provide further boost to the real estate sector, and the policy measures to regulate real estate activities introduced last year would help mitigate potential risks. Overall, the authorities reiterated that Qatar's strong fundamentals and policy buffers would help dampen any negative impact if downside risks materialize.

POLICIES TO PURSUE TRANSFORMATION AMID GLOBAL HEADWINDS

12. Policy discussions focused on maintaining stability against the global headwinds and accelerating reforms. Building on the progress in implementing past recommendations (Annex VI), policy discussions focused on: (i) sustaining fiscal discipline and accelerating revenue, expenditure and fiscal institutional reforms; (ii) safeguarding financial sector stability and deepening financial markets; (iii) further enhancing the effectiveness of the monetary policy operational framework; and (iv) intensifying structural reforms guided by NDS3.

A. Fiscal Policy: Enhance Resilience and Support Diversification

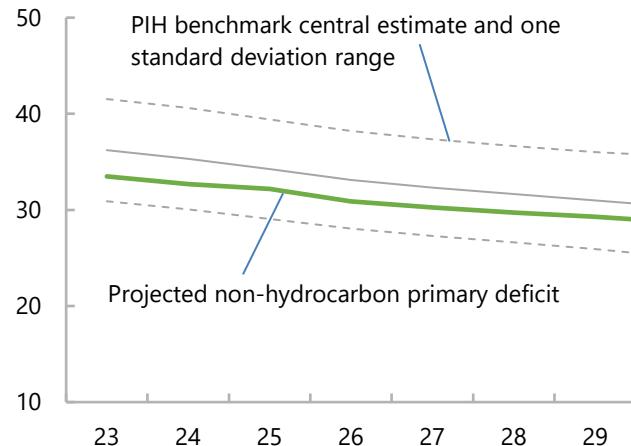
13. The authorities plan to resume gradual fiscal consolidation from 2024. Despite a moderate fiscal loosening in 2023 amid slower growth, the NHPB is estimated to remain consistent with the level suggested by the Permanent Income Hypothesis (PIH), a benchmark to ensure intergenerational equity (Text Figure 9).⁴ The 2024 budget envisages spending cuts worth 2 ppts of GDP from the 2023 outturn, mostly in capital expenditure, while the fiscal outturn up to the third quarter of 2024 suggests that the overall expenditure cuts could be milder than budgeted, closer to 1½ ppts pf GDP. Nonetheless, the fiscal stance is still likely to tighten, with the NHPB projected to improve by around ¾ ppt of non-hydrocarbon GDP. The 2025 budget envisages broadly prudent spending plans amid the growth rebound. The medium-term budget has been updated to reflect NDS3 spending needs, where continued gradual consolidation is expected.

14. Staff welcomed the authorities' commitment to continued fiscal prudence and recommended adopting a fiscal anchor to support the strategy.

The PIH-based benchmark can serve as a medium-term fiscal anchor to ensure intergenerational equity. Higher-than-expected hydrocarbon revenues should be saved to strengthen fiscal buffers. During economic downturns, some fiscal space could be deployed to provide targeted support, while a credible plan should be in place to guide the NHPB to return to the PIH-based fiscal anchor (with a view to eventually introducing a fiscal rule).⁵ The assessment of fiscal stance would be more accurate if expenditures by government related entities (GREs) are also accounted for. The PIH-based fiscal anchor should be updated periodically as the global energy transition unfolds to ensure realistic long-term oil price assumptions.

15. Revenue diversification should accelerate to enhance resilience and modernize the tax system. The highly uncertain global energy transition is now compounded by rising geopolitical

Text Figure 9. Projected Non-hydrocarbon Primary Deficits and PIH Benchmark 1/ (Percent of non-hydrocarbon GDP)



Source: IMF staff calculations.

1/ PIH benchmark is calculated to ensure constant real per capita income. Long-term parameters: Inflation and non-hydrocarbon real output growth = 2 percent, population growth = 0.75 percent, natural gas production volume = constant after NF expansion in 2030, nominal hydrocarbon price growth = 2 percent, nominal returns on QIA assets and discount rate = both 4.75 percent. Standard deviation range is based on historical oil price performance to capture the sensitivity of the PIH estimates to oil price volatility, thus enhancing robustness of the estimates.

⁴ See [Annex VI of the 2022 Article IV Staff Report for Qatar](#) and [Chapter II of the 2019 Selected Issues](#) for more detailed discussion of the PIH analysis.

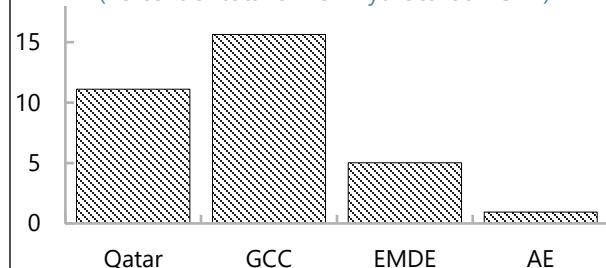
⁵ See [Chapter II of the 2019 Selected Issues](#) for greater discussion.

tensions, potentially exacerbating Qatar's hydrocarbon revenue volatility (from both prices and export volume). To strengthen resilience and reduce Qatar's potential tax revenue gap, non-hydrocarbon revenue diversification should accelerate, taking advantage of Qatar's favorable medium-term outlook (Text Figure 10).⁶ Priorities include to:

- **Introduce the value-added tax (VAT).** The tax authority has readied the infrastructure for VAT introduction and staff reiterated that the authorities accelerate the introduction of a broad-based VAT with a starting rate in line with the GCC treaty. The VAT implementation would not only bring in additional revenue (up to 1½ percent of GDP with a VAT rate of 5 percent), but also help gather comprehensive information, facilitating other tax introduction and administration. The initial growth and inflation impact of VAT introduction is estimated to be transitory and small.⁷ The negative growth impact could be further mitigated by using the VAT revenue productively. Allowing businesses sufficient time to prepare (e.g., 12 months) is also crucial for a smooth rollout.
- **Broaden the corporate income tax (CIT).** Along with other GCC countries, Qatar is committed to adopt the global minimum CIT on multinationals (foreign companies are already subject to 10 percent of CIT in Qatar). It is encouraging that Qatar is aiming to start the implementation from the beginning of 2025, consistent with the global timetable. The implementation should proceed in line with global trends to avoid revenue losses and minimize the compliance burden on businesses. Introducing a CIT for domestic firms (with appropriate thresholds) could also

Text Figure 10. Estimated Tax Revenue Gap 1/

(Percent of total or non-hydrocarbon GDP)

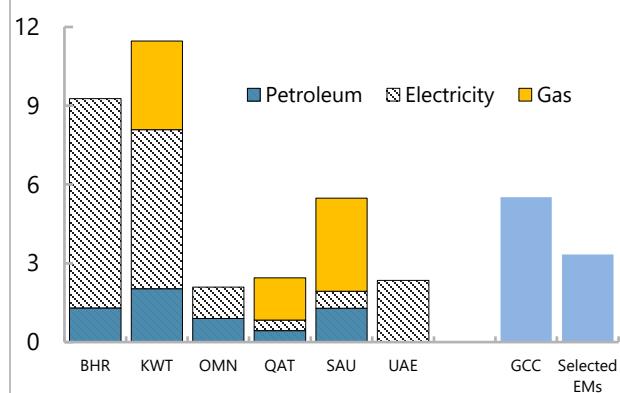


Sources: Haver and IMF staff.

1/ Estimated potential minus actual in 2019 or latest. Non-hydrocarbon tax revenue and non-hydrocarbon GDP for hydrocarbon producing countries. Stochastic Frontier Analysis was applied to a panel of 146 countries for 2000–19. Macroeconomic determinants of tax potential include economic performance, trade openness, capital mobility, economic diversification, and institutions. As an important caveat, the efficient amount of tax revenue to GDP a country can raise could differ from that suggested by the frontier.

Text Figure 11. Estimated Domestic-Global Energy Price Differentials 1/

(Percent of GDP)



Sources: Haver, IEA subsidies database (2022), IMF subsidy database (2023), and staff calculations.

1/ Mainly based on the IMF subsidy database (2023), which follows the price gap approach. The benchmark price for calculating subsidies is based on the international price for energy products that are internationally traded. BHR and KWT = IEA (2022); OMN = IMF team estimate. Qatar = IEA (2022) for gas, and IMF (2023) for electricity and petroleum; SAU = IMF (2023) and IMF team estimate; UAE = IEA (2022), showing electricity only; GCC = simple average; selected EMs = IMF Fossil Fuel Subsidies Data: 2023 Update.

⁶ See [IMF \(2022\)](#) for the estimation of tax revenue gaps.

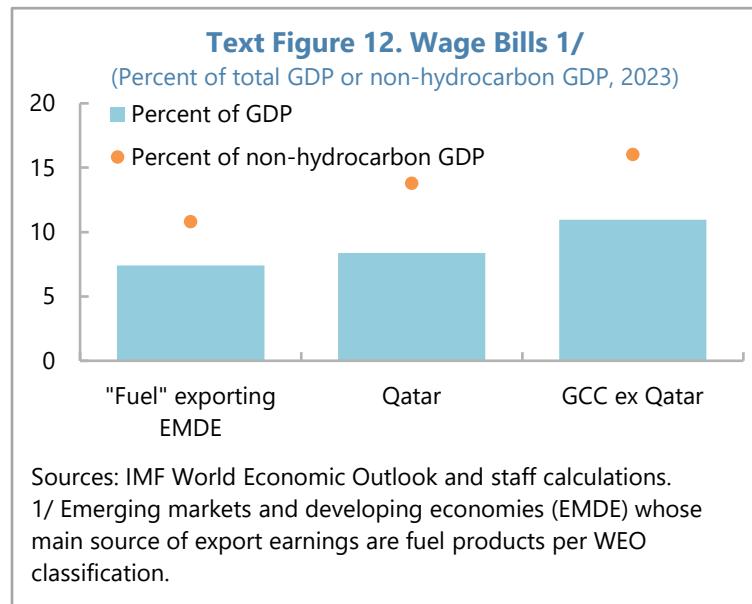
⁷ Paragraph 14 of the [2023 Article IV Staff Report](#) for Qatar.

be considered over the medium term to further broaden the tax base and allow a level playing field between domestic and foreign firms.

16. Gradually aligning Qatar's domestic energy prices with its corresponding export prices could increase revenue, generate savings, and support Qatar's climate goals. Thanks to previous subsidy reforms, domestic energy price differentials from international ones are lower in Qatar than in its regional and emerging market (EM) peers (Text Figure 11). To further reduce the price differentials, the caps on diesel and gasoline prices should be lifted and remaining electricity subsidies gradually phased out. The natural gas price differential (IEA, 2022) partially reflects the supply-demand dynamics in domestic and international markets.⁸ The first step is to improve transparency of domestic gas pricing to better understand its disparity with Qatar's export prices. Liquefaction and export facilities could be expanded alongside the North Field LNG expansion to allow export of extra domestic gas supply to generate additional revenue and support Qatar's climate initiatives to ensure efficient natural gas use domestically. Gradually aligning domestic natural gas prices with export ones would also incentivize the private sector to build comparative advantages beyond low energy cost, fostering diversification that is not reliant on the hydrocarbon sector.

17. Spending efficiency and composition should continue to improve to strengthen fiscal sustainability and support NDS3 reforms, including to:

- **Continue to contain the wage bill.** Qatar has a smaller wage bill (in percent of GDP) than regional peers, reflecting continued efforts to improve public wage bill efficiency (Text Figure 12). Looking ahead, with more national graduates looking for public sector jobs and potentially new government services to support reforms, the wage bill could be pressured. Rationalization measures include to further promote government efficiency including through greater digitalization, closely link the increase in headcount to the efficient provision of new public services, incentivize the Qatariis to seek private sector jobs, tighten the eligibility for benefits, and reduce staffing by natural attrition.



⁸ For example, potential extra supply of natural gas domestically cannot be easily liquefied and exported due to capacity limits in liquefaction and export, resulting in lower (than export) domestic natural gas prices.

- **Reorient public spending toward higher returns.** Qatar's fiscal multipliers over the last three decades are estimated to be stronger than those in other GCC countries, especially for capital expenditure. However, multipliers have fallen as the investment cycle from the World Cup matured, suggesting more limited returns from future public infrastructure investment (Box I). Meanwhile, investment to build a knowledge-based economy, including to leverage Qatar's advanced digital access and readiness to embrace artificial intelligence (AI) (see Section D), and enhance climate resilience and sustainability, could generate high returns, not only in terms of direct growth gains, but also in creating an enabling environment for the private sector.⁹ Any public sector-driven initiatives to promote private sector development should avoid supporting unviable firms. Meanwhile, as Qatar undertakes necessary fiscal reforms, such as introducing the VAT and gradually phasing out subsidies, targeted transfers to vulnerable households are important to strengthen social protection.
- **Strengthen public investment management.** IMF estimates suggest that the most efficient public investors can achieve twice the growth impact from their investment than the least efficient ones.¹⁰ Staff's past analysis suggests room to further improve Qatar's public investment efficiency. As new investment will be undertaken to support NDS3, the authorities could benefit from the IMF's Public Investment Management Assessment (PIMA) and/or Climate-PIMA.

Box 1. Estimating Fiscal Multipliers in Qatar and the GCC

This box estimates fiscal multipliers in Qatar and its GCC peers over the past three decades.¹ This analysis examines fiscal multipliers, defined as the non-hydrocarbon growth gains from government spending, from different expenditures over time, with a special attention to the level of capital stock to capture the potential negative impact of excessive use of seemingly productive expenditures ([Devarajan et al., 1996](#)). Our empirical strategy broadly follows [Espinoza et al. \(2011\)](#) and [Fouejeau et al \(2018\)](#) with both a GCC panel estimate (and teasing out Qatar-specific effects) and a single-country time-series analysis for Qatar.

Generally, Qatar had stronger fiscal multipliers than its GCC peers, but the gains from capital expenditure weakened when capital stock became relatively high. Results from cross-GCC panel regression suggest that for the GCC, the average long-run fiscal multiplier for capital expenditure (0.7) is stronger and more persistent than that for current expenditure (statistically insignificant), although the growth gains from the former emerge with a lag. The Qatar-specific long-term cumulative multiplier for capital expenditure (based on the GCC panel regression and a country dummy for Qatar) is close to 1.5. When capital stock is relatively high, however, the capital spending multipliers for both Qatar and the GCC become insignificant.

A further analysis confirms how growth gains from capital spending in Qatar waned when the infrastructure investment cycle appeared to have matured (Box Figure 1-1). Using a single-county approach, time-varying fiscal multipliers from capital spending in Qatar are estimated on a 12-year rolling basis. Results suggest that World Cup-related capital spending in the 2010s had stronger (first panel) and more persistent (second panel) growth impact than previous public investment. These may reflect a more comprehensive infrastructure investment strategy and/or higher spending efficiency.² However, as the infrastructure investment cycle started to mature, the growth effects moderated.

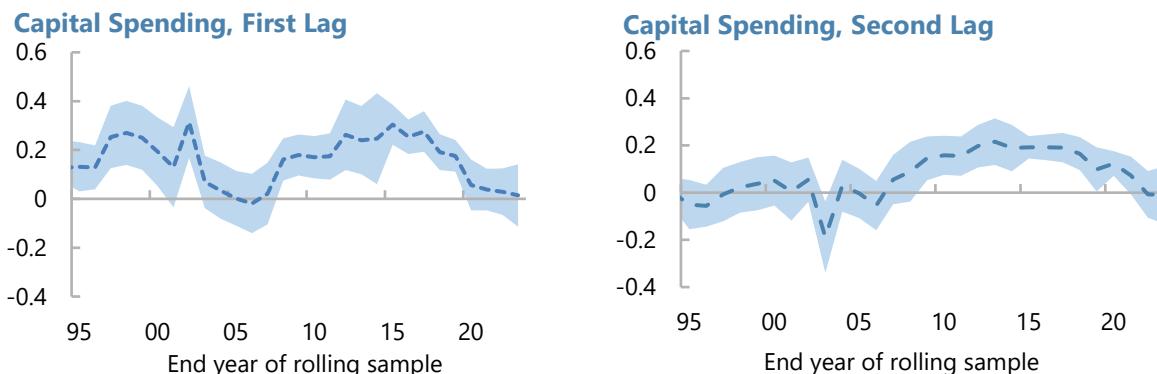
⁹ Annex VII. The Impact of Renewable Investment in Qatar, [2023 Article IV Staff Report](#) for Qatar.

¹⁰ [IMF \(2015\)](#).

Box 1. Estimating Fiscal Multipliers in Qatar and the GCC (concluded)

Box 1. Figure 1. Growth Impact of Central Government Capital Spending 1/

(12-year rolling coefficient and one standard deviation plus or minus the estimate)



Sources: Haver and IMF staff.

1/ Non-hydrocarbon output is regressed on current spending (L_0 and L_1), capital spending (L_1 and L_2), global output, and oil prices, all in real growth rates, on a 12-year rolling basis ending in the year indicated on the horizontal scale, using annual data for Qatar spanning 1983–2023. Coefficients on the first and second lag of capital spending are displayed.

¹ This box summarizes key findings of the Selected Issues Paper “Estimating Fiscal Multiplier for Qatar.”

² These interpretations are suggestive, as the model does not control for other potential determinants and the rolling approach further reduces the sample size.

18. Welcome efforts to strengthen fiscal institutions pave the way to adopt a full-fledged medium-term fiscal framework (MTFF) with enhanced fiscal risk management:

- **MTFF with strengthened budget execution and risk assessment.** The extension of the medium-term budget to five years and progress in introducing program-based budgeting are encouraging. Staff also welcomed the authorities’ initiative to enhance macroeconomic projections to support the medium-term budget update. These efforts pave the way to introduce a full-fledged MTFF, anchored by the PIH benchmark, to strengthen fiscal sustainability and ensure priority spending. The MTFF should guide and be integrated into the annual budget process, with performance-based allocations and strengthened budget execution to ensure compliance. The MTFF and annual budget should be complemented by regular fiscal risk assessments, including those stemming from Public-Private Partnerships (PPPs, see below), and underpinned by enhanced fiscal transparency. IMF technical assistance (TA) on the MTFF can support the authorities’ efforts.
- **Managing fiscal risks from PPPs.** Around QAR10 billion (US\$2 $\frac{3}{4}$ billion) of PPP projects are in the pipeline, focusing on health, education, hospitality, and infrastructure. It is critical to manage potential fiscal risks (including contingent liabilities) by adopting an appropriate risk-sharing and monitoring framework, underpinned by transparency and strong governance. PPPs should be fully integrated into the state budget and the MTFF.

- ***Establishing a sovereign asset-liability management framework*** encompassing the general government, including the QIA and GReS, would help coordinate investments for economic transformation and enhance asset-liability management.

Authorities' Views

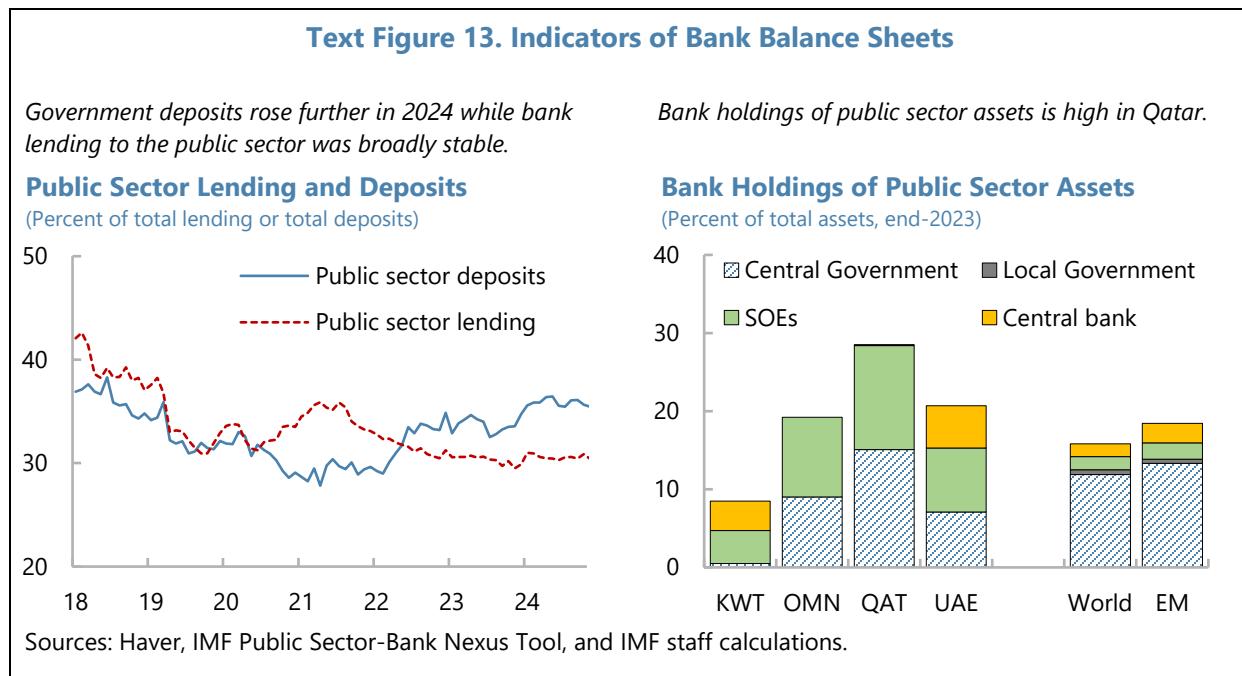
19. The authorities reiterated their commitment to fiscal discipline and broadly shared staff's views on the fiscal strategy. They highlighted that funding allocations for NDS3 initiatives were prudent with an emphasis on public spending efficiency. To this end, the authorities noted good progress in expanding program-based budgeting to eventually cover all sectors by 2025, and expected that the ongoing expenditure review would generate savings in the medium term. The authorities also expressed initial interest in exploring a PIH-based fiscal anchor. They saw fiscal risks from ongoing PPPs, mainly on operating and maintaining existing infrastructure, to be small. The authorities stressed that no subsidies on natural gas were provided, but expressed willingness in exploring ways to increase the transparency of domestic natural gas price setting. They emphasized that access to reliable energy sources would play a critical role in attracting FDI and promoting economic diversification more broadly. The authorities agreed on the need to diversify revenues and committed to implement the CIT Pillar II in line with the global timetable (the Cabinet recently approved a draft law amending some provisions of the Income Tax Law and referred it to the Shura Council). They continued to assess the appropriate timing for VAT introduction. Under the overall objective of gradually reducing government debt, the authorities' debt management strategy takes into account the need for green financing and for supporting domestic financial market deepening, in coordination with the QCB.

B. Financial Sector Policy: Maintain Stability and Deepen Markets

20. Vigilant QCB policies have helped secure financial stability, while pockets of vulnerabilities warrant continued diligence (Figure 5). The banking sector remains healthy despite the growth normalization and tighter financial conditions, thanks to robust buffers, diligent QCB policies and ample hydrocarbon liquidity. Recent QCB measures to reduce banks' short-term foreign asset-liability mismatches and risks in their exposure to a weaker real estate market are welcome, especially as easing global financial conditions could stimulate foreign funding by banks and real estate companies. The QCB should make more granular data (e.g., the average maturity structure of banking sector foreign assets and liabilities, NPLs by sector) available to enhance monitoring and facilitate risk assessment. The NPL ratio will likely remain contained as economic activity picks up and credit demand strengthens. In this context, continued diligence in supervision is important especially for banks with weaker asset qualities. Qatar Development Bank (QDB) initiatives to support SMEs should be limited to viable but liquidity-constrained firms. Further increase in the already high sovereign-bank nexus calls for attention. Some banks have partly replaced their foreign funding with public sector deposits, but access to such deposits is reportedly uneven, with smaller banks facing higher funding costs (Text Figure 13). The availability of public sector deposits could also be affected by hydrocarbon revenue volatility. To this end, the ongoing initiatives to deepen the domestic capital market would help banks diversify their funding sources. On the asset side, sizeable

bank holdings of public sector assets in gross terms (around 30 percent of total assets¹¹) could crowd out credit to the private sector, slowing the transition to private sector-led growth.

21. The QCB should continue to enhance banking sector resilience and formalize the financial safety net. Welcome QCB initiatives to improve risk-based supervision, establish a deposit insurance scheme and formalize the recovery and resolution frameworks are supported by IMF TAs. The authorities (including the QCB, MOF and QIA) have traditionally lent strong support to banks during market turbulences and formalizing crisis management frameworks would further enhance predictability, efficiency and confidence. The QCB should continue to review its macroprudential policies and adjust as needed to mitigate potential macro-financial risks, which tend to build up amid easing financial conditions. Building on the QCB's progress in strengthening financial stability, staff continued to recommend that Qatar undertake an FSAP update (last FSAP was concluded in 2007).



22. The Third Financial Sector Strategy (FSS3) puts a welcome emphasis on domestic financial markets deepening—timely and well-coordinated implementation is essential. The Strategy, launched in November 2023, seeks to promote savings, offer borrowing and investment opportunities, develop the insurance sector, foster fintech, and achieve greater financial inclusion. Many initiatives have been introduced, including to lend greater support to SMEs, accelerate digital transformation, and expand financial service offering including advisory. Regulatory sandboxes have been expanded to accelerate fintech innovation and the Qatar Financial Center's digital asset framework has established the legal and regulatory foundation for digital assets. The QCB is also exploring the concept of a wholesale CBDC and has requested IMF TA. Work is ongoing to promote greater awareness and penetration of insurance products to enhance resilience to shocks. Setting up

¹¹ Banks' net claims to the public sector were smaller at 1 percent of total loans in September 2024.

of primary dealers and a derivatives exchange will facilitate capital market deepening. Initiatives to foster more stable domestic funding would complement the QCB measures in reducing banks' reliance on short-term foreign funding. To help intensify reform implementation in adherence to FSS3, the QCB launched own Strategy 2024–30 in October 2024. Key stakeholders, including different regulatory authorities, should coordinate to ensure policy consistency and timely implementation.

23. Qatar has made excellent progress in fighting financial crimes, and strong efforts should continue. The 2023 AML/CFT mutual evaluation report by FATF acknowledges Qatar's strength in preventing financial crimes and law enforcement through improved risk assessment capacity and clearer policy priorities. Measures to reduce risks associated with the use of a large amount of cash are complemented by efforts to enhance financial inclusion through digitalization. The QCB has banned financial institutions to use crypto assets. A beneficial ownership registry is being operationalized. Going forward, Qatar should strengthen risk-based supervision of non-financial businesses and professions, ensure that the beneficial ownership information is accurate and easily accessible, and improve further the capacity of AML/CFT law enforcement agencies.

Authorities' Views

24. The authorities concurred with staff's recommendation to continue exercising vigilance. The QCB highlighted that the newly introduced risk-based supervision strengthened assessment of emerging risks and early action. They believed that banks were well prepared to manage legacy real estate sector weaknesses and the recent macroprudential measures were effectively implemented to address potential risks. The QCB also highlighted banks' progress in lengthening the average maturity of foreign liabilities including via issuance of medium-term notes, and its commitment to regular risk reassessment. More broadly, the QCB stressed that both the micro and macroprudential measures, including the counter-cyclical capital buffer, were periodically reviewed and would be dynamically adjusted to manage emerging risks. The authorities supported staff's call for deepening domestic capital markets, highlighting ongoing efforts in this area as part of the FSS3 implementation, including an initiative with the Ministry of Finance to build the domestic yield curve.

C. Monetary Policy: Further Enhance Effectiveness of the Operational Framework

25. The exchange rate peg continues to serve Qatar well. The peg remains a credible monetary anchor, backed by ample external buffers, continued fiscal prudence and competitiveness-enhancing reforms. In line with the exchange rate peg, Qatar's monetary policy is broadly aligned with that of the U.S. Federal Reserve. More recently, the QCB cut policy interest rates three times, each time 5 basis points more than the US Federal Reserve did, narrowing the interest rate differential with the US fed funds rate (Figure 2). Going forward, staff recommended that the QCB continue to adjust its policy rates in line with the US Federal Reserve. The QCB's enhanced liquidity management is welcome and could benefit from stronger coordination with the fiscal authority.

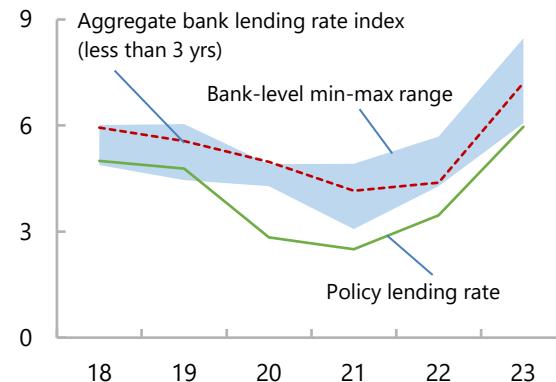
26. Several key actions would further strengthen the effectiveness of the monetary policy operational framework (Text Figure 14). As recommended by a recent IMF TA, the QCB should improve analytical capacity for liquidity forecasting and country risk premium assessment as the first step towards more effective liquidity management and monetary policy implementation. Finalizing the upgrade to a new real-time gross settlement (RTGS) system towards a more integrated wholesale payment system will reduce risks and enhance efficiency in the central bank's secured lending operations. Over time, establishing a wider and more stable policy interest rate corridor, developing a more active interbank market, and allowing banks to base their lending rates fully on market conditions by removing the cap on salary-based personal loans would further enhance monetary policy transmission. Greater central bank communication would also be important to support these efforts.

Text Figure 14. Indicators of Lending and Deposit Interest Rates

(Percent)

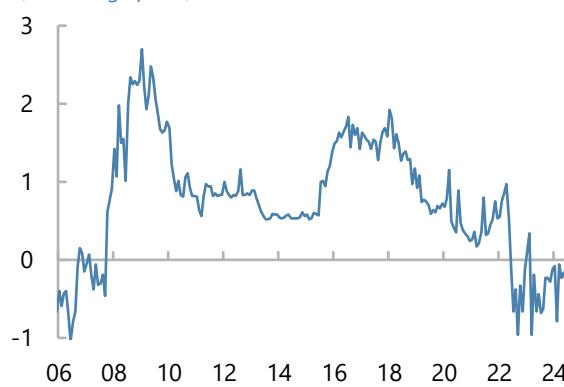
Banks' lending interest rates generally moved with the policy lending rate...

Aggregate and Bank-level Lending Rates 1/
(Percent)



The spread between banks' average 6-month deposit rates and the policy deposit rate has narrowed...

Bank Deposit to Policy Rate Spread
(Percentage point)

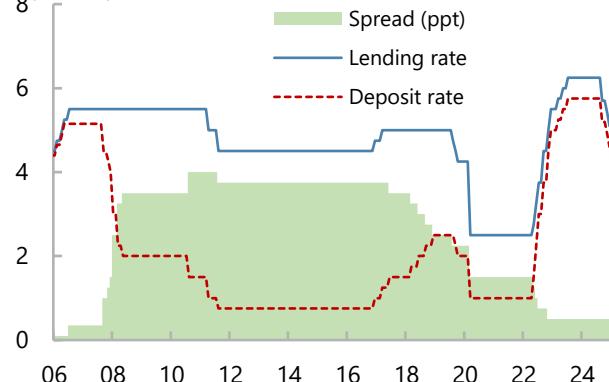


Sources: Fitch, Haver, and IMF staff calculations.

1/ Bank level estimates are interest income on all loans in percent of sum of stage 1 and stage 2 loans.

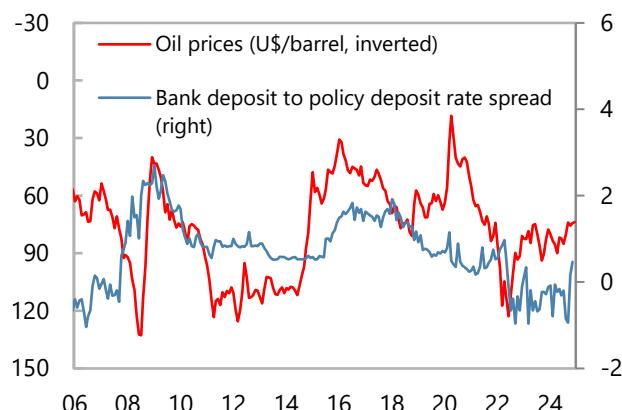
Policy Lending and Policy Deposit Rates

(Percent)



...partly related to ample hydrocarbon liquidity.

Oil Prices and Bank-Policy Deposit Rate Spread



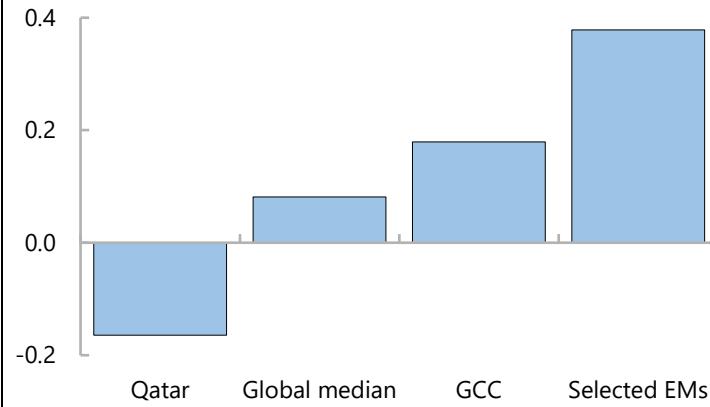
Authorities' Views

27. The authorities agreed with staff's assessment on the exchange rate regime and appreciated IMF TA on liquidity management. They emphasized the ongoing effort to build capacity and planned to progressively implement TA recommendations. The QCB noted that the recent policy interest rate cuts, slightly more than the US Federal Reserve's, were motivated by a relatively wide interest rate differential to the Fed funds rate, domestic macroeconomic conditions (growth normalization and low inflation), and excess liquidity in the financial system. They highlighted that the recent policy moves did not have any negative effects including on capital flows, and future policy decisions would be data driven. The QCB acknowledged the need to further improve the effectiveness of monetary policy operational framework but saw it as a medium-term objective. They agreed on the importance of communication and highlighted continued efforts to enhance it.

D. Structural Reforms: Build a Knowledge-Based and Sustainable Economy

28. Qatar's vision to build a diversified, knowledge-based economy requires enhanced human capital and output complexity (Text Figures 15 and 16). Staff analysis shows that human capital is not only a large, direct contributor to per-capita output, but also an amplifier of the growth-enhancing impact of higher economic complexity.¹² Physical capital has similar, albeit smaller, effects. When a country has high levels of human and physical capital, the amplification effect (with economic complexity) on output is even stronger. Qatar has built a large capital stock with top-notch infrastructure quality, but its labor productivity and economic complexity have substantial room to improve. Reforms should thus focus on: (i) building a highly skilled labor force, (ii) promoting innovation and knowledge-spillovers (including through FDI and trade diversification) to boost economic complexity, supported by enhanced business efficiency, (iii) leveraging Qatar's already advanced digital access and AI readiness for further productivity gains, and (iv) strengthening climate sustainability and generating "green" growth.

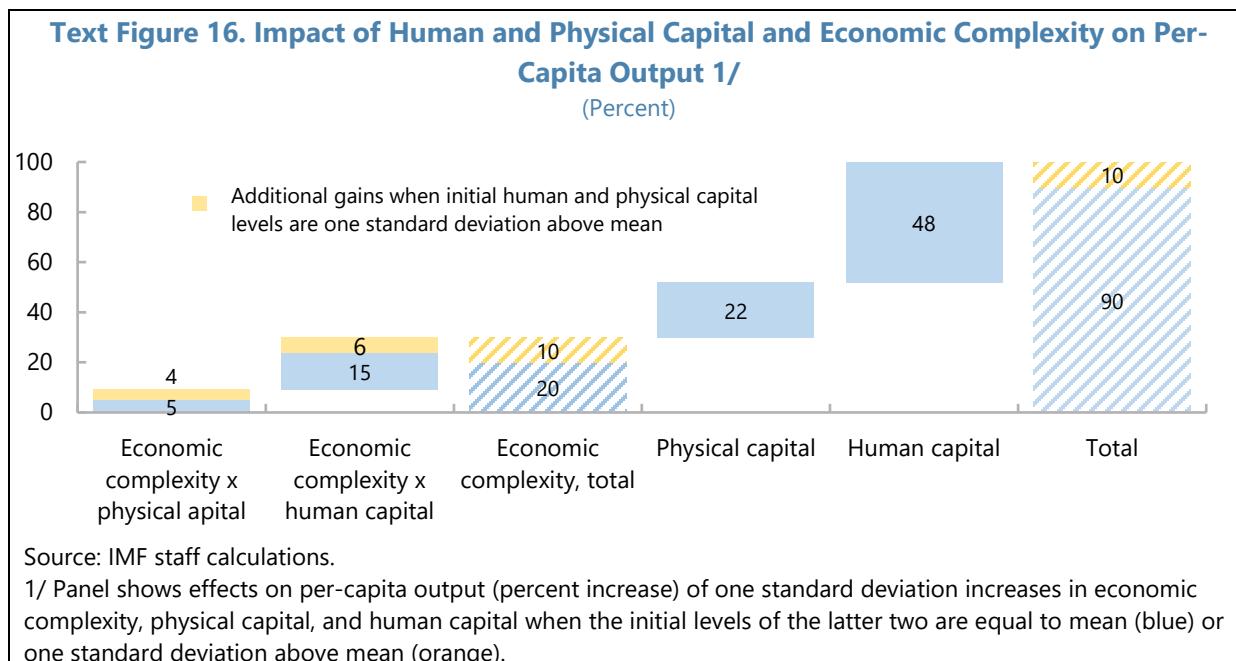
Text Figure 15. Economic Complexity Index, 2019 1/
(Index value between -1.64 and 2.47)



Sources: The Atlas of Economic Complexity and IMF staff calculations.

1/ Selected EMs = Brazil, Chile, China, Colombia, Costa Rica, Croatia, Czechia, Egypt, Hungary, India, Indonesia, Kazakhstan, Malaysia, Mexico, Morocco, Nigeria, Peru, the Philippines, Poland, Russia, South Africa, Thailand, and Türkiye.

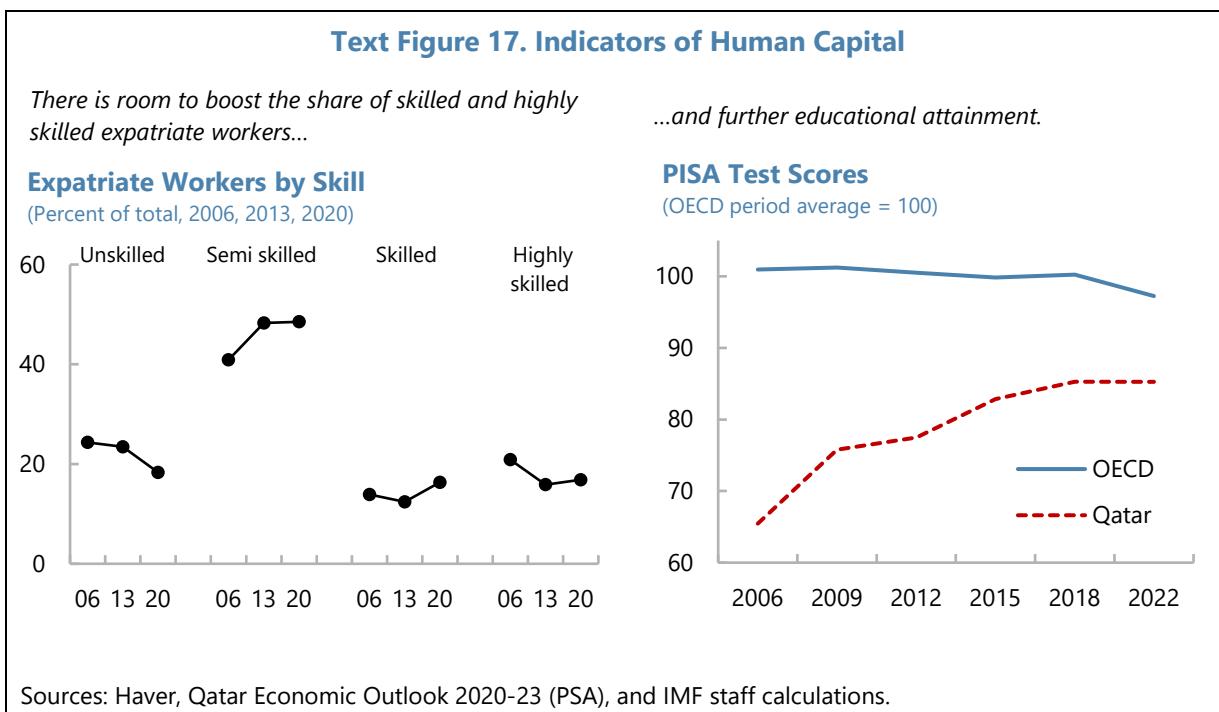
¹² [The Atlas of Economic Complexity](#) is a measure of the complexity of an economy's product mix. See also the Selected Issues Paper "Policies to Build a Knowledge-based Economy."



29. Qatar can build a future-ready labor force by:

- **Attracting and retaining high-skilled expatriate workers.** Qatar currently has more semi-skilled expatriate workers than skilled or highly skilled ones (Text Figure 17). Analysis in [the IMF's 2023 Article IV Staff Report for Qatar](#) suggests that increasing the share of more skilled expatriate workers can be a top contributor to growth. Intensified Kafala reform would further enhance expatriate labor market protection and flexibility. Speedy implementation of newly introduced programs targeting higher-skilled expatriate labor (e.g., new visa schemes including a five-year Mustaqel residence visa for foreign talent and entrepreneurs and a visa extension program for graduating students to find jobs in Qatar) would improve labor force skills. Strengthening the social safety net including the pension scheme would also help. The renewed 4-year collaboration program with ILO can support the authorities' progress.
- **Enhancing the nationals' talent and employment in the private sector.** Qatar's education investment is bearing fruit—more outcome-based education spending could help close the gap with OECD countries (Text Figure 17). Efforts should also strengthen to incentivize Qatari nationals to join the private sector, especially the new graduates. A recently launched AI-based platform to match Qatari graduates with private sector jobs is a welcome initiative. To achieve the NDS3 target of having 20 percent of Qataris employed in the private sector, effective coordination across public and private sectors, education institutions, and youth associations is essential to align education with the private sector needs and ensure proper active labor market policies (e.g., reskilling and upskilling programs) to facilitate the nationals' employment in the private sector. As sectoral Qatarization targets are being set and government incentives for private sector employers to hire Qatari nationals are being contemplated, potential benefits, including savings on the public sector wage bill, should be balanced against risks, including skill mismatches. It would be helpful to leverage the ILO's expertise in setting sectoral Qatarization targets and active labor market policies.

- **Further benefiting from the female talent.** Qatari women's overall access to schooling is on par with, or exceeds (e.g., in higher education), that of men, but a sizeable gender gap remains in labor force participation rates ([IMF's 2023 Article IV Staff Report for Qatar](#)). Ensuring gender equality is a key goal in Qatar's National Vision 2030, and many initiatives have been introduced to empower women and close gender gaps, including in education and the labor market. Recent efforts include to allow flexible and remote work arrangements, and to lengthen paid maternity leaves in government agencies. Continued efforts to increase female labor force participation, especially in the private sector, would enhance overall labor force skills and Qatar's productivity. Encouraging female students to focus on subjects with more private sector demand, providing special entrepreneurship programs, and increasing female representation in decision making bodies would also allow Qatar to benefit more from this talent pool.¹³

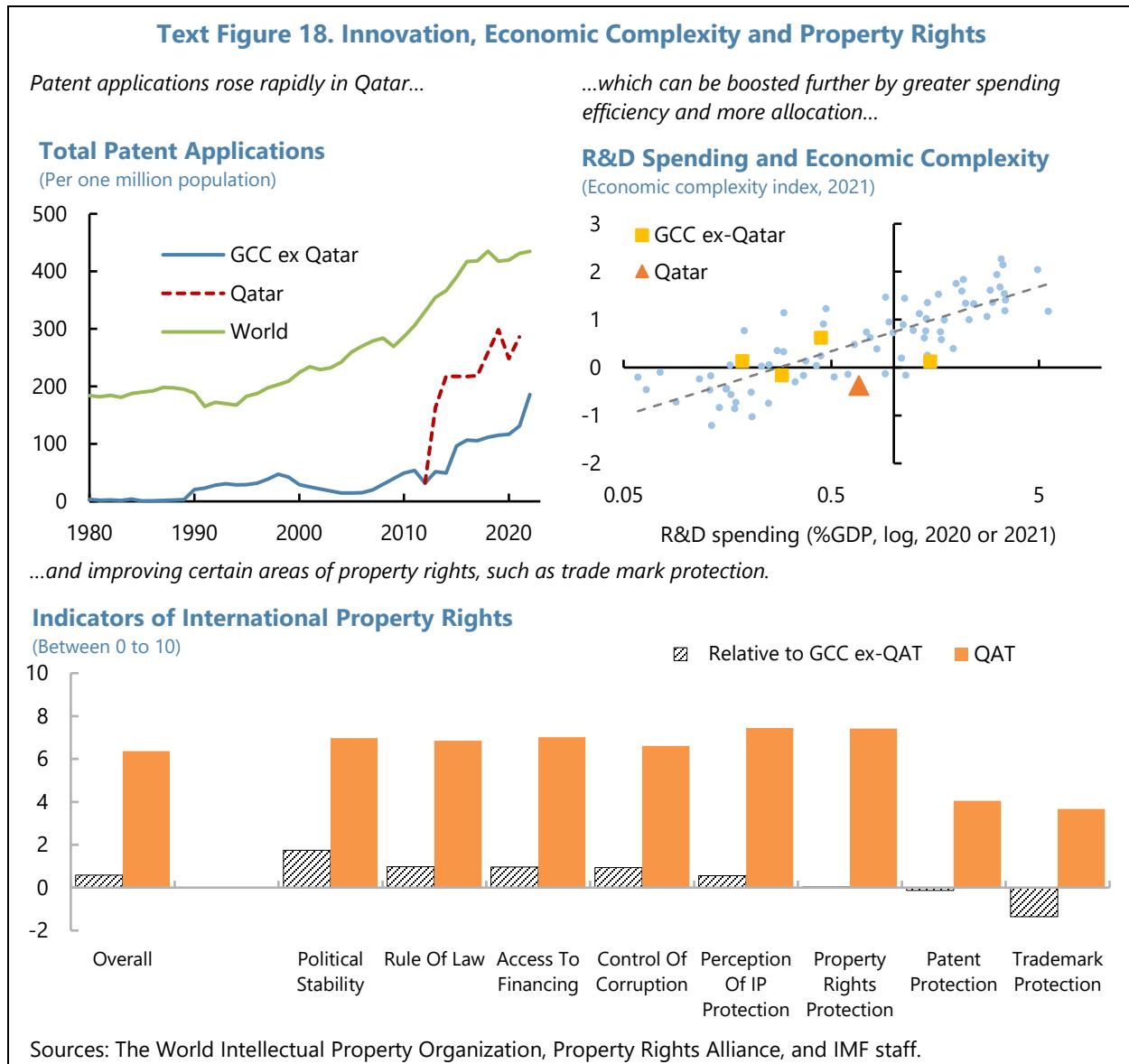


30. Boosting Qatar's economic complexity calls for (Text Figures 18 and 19):

- **Fostering innovation.** Qatar's patent applications rose rapidly over the last decade, more so than in its GCC peers. To promote innovation and support start-ups, a venture capital program ("Fund of Funds") is being established by the QIA. NDS3 aims to increase Qatar's R&D funding from the current 0.7 percent of GDP to 1.5 percent, with the majority from the private sector. More attention is needed to enhance Qatar's R&D spending efficiency and quality. Further improvement in intellectual property rights protection (e.g., in patent and trademark protection) is also key.

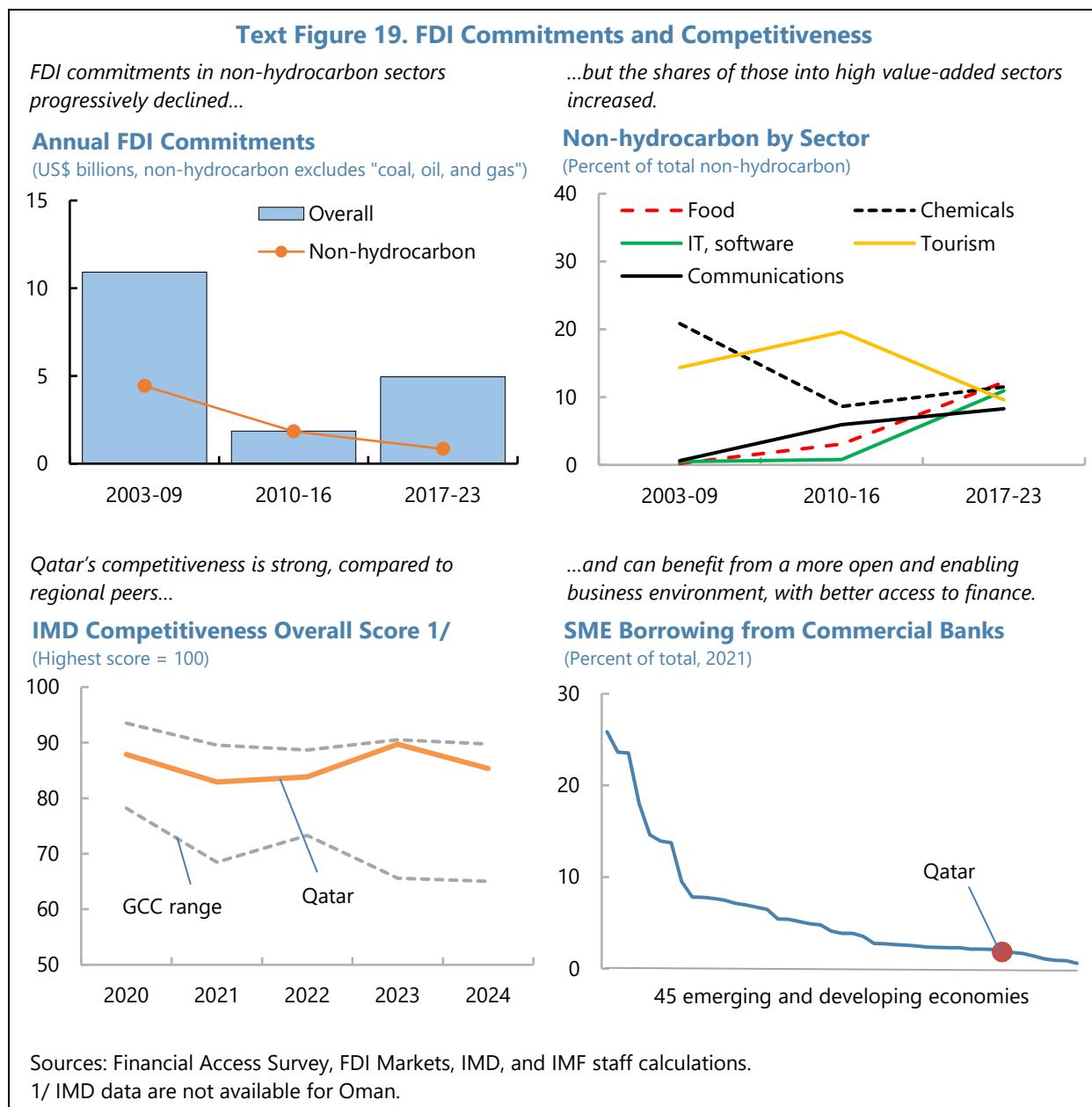
¹³ See Annex IX. "Promoting Gender Equality: Enhancing Women's Workforce in Qatar" in the [2023 Staff Report for Qatar](#).

- **Promoting trade diversification.** Progress in Qatar's export diversification is limited, mainly in services export (transportation and tourism). For a country with a small domestic market, export diversification, especially in higher value-added goods and services, is particularly important. To this end, Qatar should further reduce non-tariff barriers, facilitate intra-GCC trade, upgrade trade infrastructure, liberalize services trade, promote free trade agreements and leverage new trade corridors (Middle Corridor from China to Europe; India-Middle East-Europe Corridor).



- **Attracting FDI and boosting domestic knowledge spillovers.** FDI inflows to Qatar have traditionally focused on the hydrocarbon sector, but more recently inflows to knowledge sectors (e.g., ICT) rose. Further reducing entry barriers for foreign firms and promoting healthy competition are crucial to attract FDI. Qatar's increasing focus on PPPs and further intra-GCC financial integration could also help boost FDI. Enhanced human capital and innovation, including to strengthen SMEs' access to technology via financing, could facilitate domestic knowledge spillovers from FDI.

- **Further improving business efficiency.** Qatar performs well in competitiveness indicators, including on the overall business efficiency. Looking ahead, Qatar could further ease access to finance, especially for SMEs which represent a large share of domestic firms. Reforms to protect legal rights of borrowers and lenders, simplify insolvency procedures to accelerate resolution and improve recovery rate, strengthen creditor assessment tools, and proper use of fintech would ease SMEs' financing constraints. Continued efforts to streamline business regulations and procedures, improve transparency and accountability, and further deepen public sector digitalization would support the transition to private sector-led growth. As Qatar considers privatization of certain state assets to enhance efficiency and foster private sector participation, it is crucial to ensure strong governance and transparency, preserve the state's best interest, and use the privatization proceeds productively.

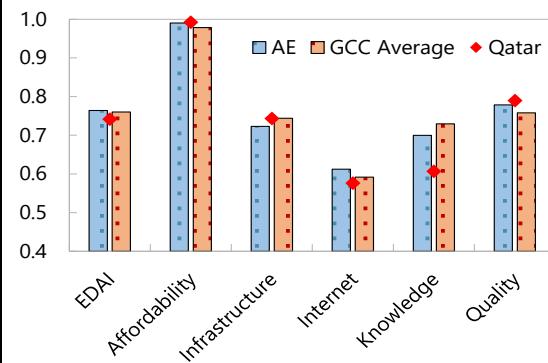


31. Successful implementation of Qatar's ambitious reform agenda hinges on proper prioritization, inter-agency coordination, effective execution, and careful management of policy spillovers. Many reform initiatives are in train to achieve NDS3 goals. They should be properly sequenced to prioritize more impactful reforms and explore synergies and complementarities. Inter-agency coordination is critical to ensure policy consistency and maximize implementation capacity. Incentives to various specialized economic zones and centers to promote FDI and trade, as well as policy support to “diversification clusters,” should target well-identified externalities, market and coordination failures, or under-provision of public input—they are no substitution for broad-based structural reforms. Diversification gains from economic zones and priority sectors should be broadened to the wider economy by promoting stronger spillovers. Periodic cost-benefit assessments will help rationalize incentives and keep them time-bound.

32. Qatar is well positioned to leverage digitalization and AI (Text Figure 20). Qatar's digital infrastructure, quality and affordability are comparable to those in advanced economies (AEs). The Digital Agenda 2030, launched in March 2024, sets further ambitions in enhancing digital innovation, expanding e-government services, developing digital skills, and refining regulatory frameworks. Qatar is also close to AEs in its AI readiness, and its labor market has a relatively large share of jobs that can benefit from AI rather than being replaced, making the country well-positioned to reap AI-driven productivity gains with limited job displacement risks (Box II). Enhancing digital skills of the labor force, promoting digital/AI penetration in production, strengthening cybersecurity risk management and facilitating job transitions are critical to fully benefit from digitalization and AI while mitigating labor market risks.

Text Figure 20. Enhanced Digital Access Index (EDAI)

(Index, higher = better)

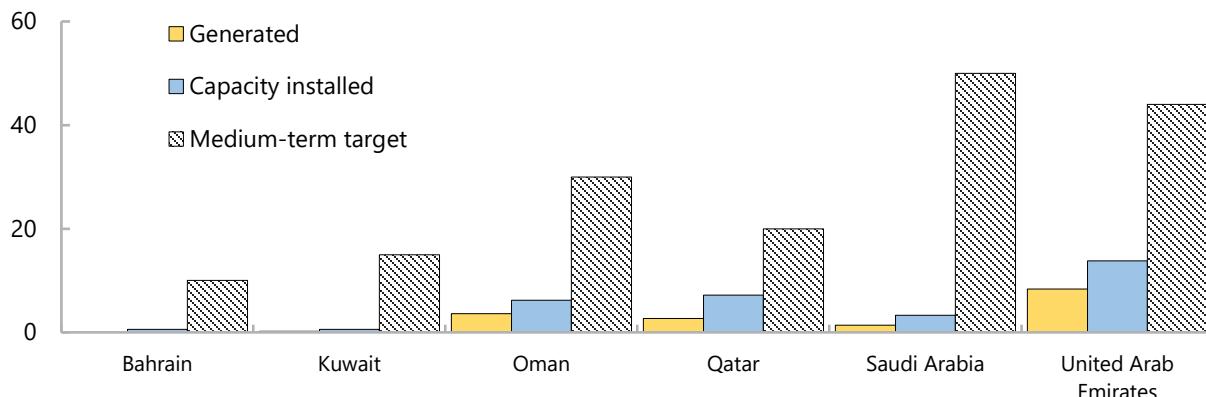


Sources: “Digital Transformation in the GCC Economies” (IMF, *forthcoming*), and IMF staff calculations.

33. Qatar has advanced its climate agenda further. In early-2024, Qatar raised \$2.5 billion in a debut green deal under its new sovereign green financing framework. In June 2024, the QCB launched the ESG and Sustainability Strategy for the financial sector to strengthen the financial system's capacity in supporting national sustainability goals. The share of energy capacity from renewables reached about 9 percent in 2023 against a target of 20 percent by 2030 (Text Figure 21). The NDS3's emphasis on improving energy and water use efficiency is welcome. A concerted effort is needed to achieve Qatar's climate goals, including to gradually phase out remaining energy subsidies and reduce domestic energy price differentials from export prices, increase green investment, promote climate financing, enhance interagency coordination, and upgrade the regulatory framework.¹⁴

¹⁴ See Annex VII. “Climate Risks and Actions in Qatar” of the [2022 Staff Report for Qatar](#), and Annex VII. “The Impact of Renewable Investment in Qatar” of the [2023 Staff Report for Qatar](#).

Text Figure 21. Indicators of Renewable Power 1/
(Percent of power generated from all sources or total capacity)



Source: Bloomberg, Energy institute, [Middle East Institute \(2023\)](#), International Renewable Energy Agency (IRENA), and IMF staff calculations.

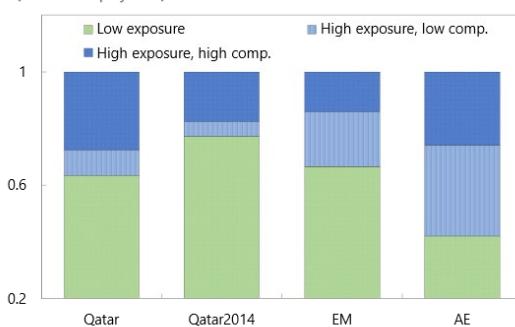
1/ Renewable power generated and capacity installed in 2023. Medium-term target years are 2030 except 2035 for Bahrain and 2050 for the United Arab Emirates. Renewable capacity installed is in percent of total capacity.

Box 2. AI in Qatar: Opportunities and Potential Economic Impact¹

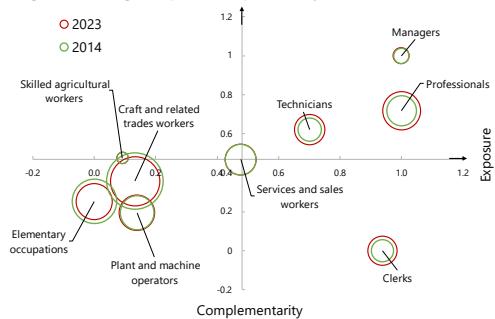
Qatar has been actively preparing for embracing AI. In 2019, Qatar released its first National AI Strategy, focusing on education, data access, employment, business, research, and ethics. The AI Committee, established in 2021, coordinates efforts from ministries, universities, and financial institutions. A \$2.5 billion AI investment package was announced in May 2024. AI-related research has also surged. Overall, Qatar is close to AEs in its AI readiness (text chart).

Increasing AI adoption in Qatar is expected to bring more benefits than risks to the labor market. Currently, about 37 percent of the labor force in Qatar is exposed to AI (18 ppts increase over a decade), comparable to the EM average but lower than the AE average (58 percent). Building on IMF (2023)² staff analysis suggests that about 75 percent of the high AI exposure jobs in Qatar have high “complementarity”—workers in those jobs are more likely to benefit from AI-driven productivity gains than being replaced. Qatar’s labor market opportunity-to-risk ratio from AI exposure is significantly higher than EM or AE averages.

AI Exposure and Complementarity
(Share of employment)



AI Exposure and Complementarity by Occupation, 2023
(Higher value = higher exposure/complementarity)



Sources: IMF staff calculations.

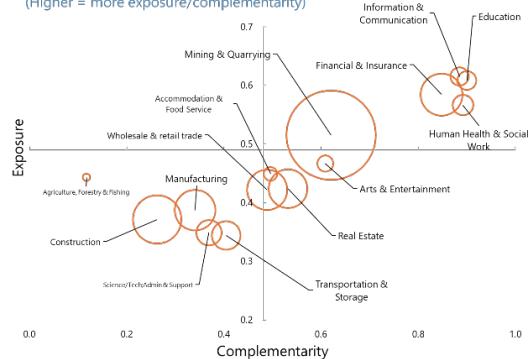
Box 2. AI in Qatar: Opportunities and Potential Economic Impact (concluded)

The private sector has played an important role in shifting Qatar's labor market toward a more favorable position for AI adoption. Private sector employment has grown by around 27 percent over the last decade, but the number of technicians and professionals—two job categories with high AI exposure and complementarity—has increased by over 90 percent, significantly enhancing the country's potential to benefit from AI adoption.

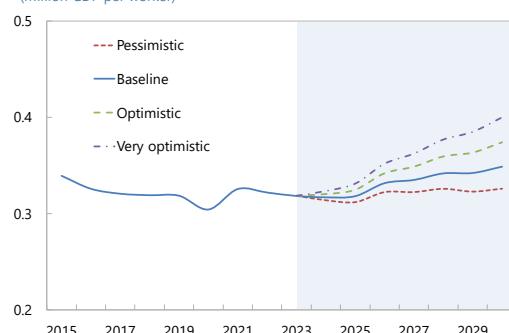
"Enabling clusters" identified in NDS3 are likely to harness AI-driven productivity gains. By matching the occupational composition of these clusters (IT & digital, financial services, and education) in Qatar with the AI exposure-complementarity matrix, staff finds that these sectors concentrate in the high AI exposure and complementarity quadrant. On the other hand, the "growth clusters" identified in NDS3—manufacturing, logistics, and tourism—tend to have more limited AI exposure.

Scenario analysis points to potential gains in labor productivity from AI penetration in Qatar. Staff analysis suggests that, under an optimistic scenario where successful reforms to enhance human capital, innovation and private sector growth allow a more rapid increase in the share of jobs exposed to AI and faster AI adoption (than under the baseline), labor productivity growth could be lifted by an average of 1 ppt annually (above the baseline) over the medium term.

AI Opportunities by Economic Sector, 2023
(Higher = more exposure/complementarity)



Labor Productivity by AI Scenarios
(Million GDP per worker)



Sources: IMF staff calculations.

¹ This box summarizes key findings in the Selected Issues Paper "Artificial Intelligence in Qatar: Assessing the Potential Economic Impacts."

² [Pizzinelli et al. 2023, "Labor Market Exposure to AI: Cross-country Differences and Distributional Implications"](#)

Authorities' Views

34. The authorities concurred with staff's call to accelerate structural reforms, and noted that a large number of initiatives and projects were underway guided by NDS3. The newly established National Planning Council highlighted its role in prioritizing reforms, ensuring inter-agency coordination and monitoring progress. The authorities agreed with staff recommendation to focus reforms on boosting human capital and innovation, enhancing the business environment, attracting FDI and promoting exports. They agreed that Qatar was well placed to leverage AI for productivity gains, and highlighted Qatar's comparative advantage in energy cost and reliability to attract data centers, around which an ecosystem could be built to enhance domestic value added.

The authorities stressed that they were on track to meet the 2030 climate targets guided by the National Environment and Climate Change Strategy and National Climate Change Action Plan.

E. Enhancing Data Adequacy

35. Data provision is broadly adequate for surveillance, but gaps remain (Annex VII). The authorities are fully committed to meeting the IMF standards under the Enhanced General Data Dissemination System (e-GDDS). Data provision is broadly adequate for surveillance, but gaps remain in the coverage and granularity of fiscal and external statistics, especially for the International Investment Position (including QIA positions), FDI and portfolio investment. The strong emphasis on data in NDS3 is encouraging, and the NPC is working to enhance inter-agency coordination for data collection and dissemination. The IMF stands ready to support the authorities' progress in data and statistics through capacity building.

Authorities' Views

36. The authorities welcomed the IMF's initiative to strengthen data adequacy and agreed with staff assessment. They noted that the establishment of the national statistics center under the NPC would enhance data collection and dissemination and expressed interest in collaborating with the IMF, including through TA. The gaps in external sector statistics were well recognized, and the NPC stressed that strong efforts were underway to enhance FDI data, which is also important for monitoring and assessing progress in NDS3 initiatives.

STAFF APPRAISAL

37. Qatar has a favorable economic outlook and continues to demonstrate resilience to external shocks. Recent indicators suggest that the post-World Cup growth normalization has bottomed out and the gradual rebound in economic activities is gaining momentum. The medium-term outlook is more positive, driven by significant increases in LNG production and the anticipated benefits from NDS3 implementation. By maintaining prudent macroeconomic policies and accelerating reform efforts, Qatar can further solidify its resilience to shocks and prosperity.

38. The authorities' commitment to sustain fiscal discipline can be supported by accelerated fiscal reforms. Adopting a PIH-based medium-term fiscal anchor can help ensure intergenerational equity and guide a countercyclical fiscal policy. Accelerating revenue diversification including to introduce the VAT would enhance revenue resilience and reduce the tax revenue gap. To support efficient NDS3 reform implementation and ensure fiscal sustainability, it is important to enhance spending efficiency through rationalizing the wage bill and gradually phasing out the remaining subsidies, and improve spending composition to facilitate the transition to private sector-led growth. Gradually aligning domestic energy prices with export ones could generate additional revenue and support Qatar's climate goals. The ongoing efforts to strengthen fiscal institutions pave the way to adopt a full-fledged MTFF with enhanced fiscal risk management.

39. Strong efforts to maintain financial stability and deepen domestic financial market should continue. Maintaining diligent supervision is important especially for banks with weaker asset qualities. Formalizing the financial safety net would further enhance financial stability. The QCB should continue to review its macroprudential policies and adjust as needed to mitigate potential macro-financial risks. Guided by FSS3, efforts to develop domestic capital market should accelerate, which would also help banks reduce their reliance on public sector deposits and exposure to short-term foreign funding. Qatar's excellent efforts in fighting financial crimes should continue.

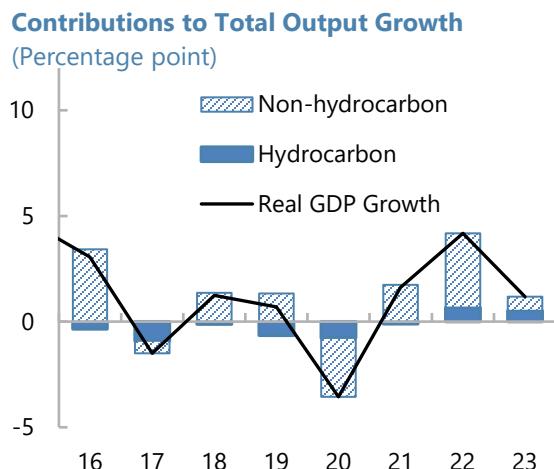
40. The exchange rate peg continues to serve Qatar well. The QCB should continue to adjust its policy rates in line with the US Federal Reserve while improving its liquidity forecasting. Over time, establishing a wider and more stable policy interest rate corridor, promoting a more active interbank market, and allowing fully market-based bank lending interest rates would enhance monetary policy transmission. Qatar's external position in 2023 was assessed to be moderately stronger than the level implied by medium-term fundamentals and desirable policies.

41. Qatar's vision to build a more diversified and knowledge-based economy calls for enhancing human capital and boosting economic complexity. Attracting and retaining high-skilled expatriate workers, enhancing the nationals' talent and employment in the private sector, and further benefiting from the female talent will enhance human capital. Economic complexity can be boosted by fostering innovation, promoting trade diversification, attracting FDI with domestic knowledge spillovers, and further improving business efficiency. Successful implementation of Qatar's ambitious reform agenda hinges on proper prioritization, inter-agency coordination, effective execution, and careful management of policy spillovers. Efforts to leverage digitalization and AI will bring productivity gains, and climate actions should continue. Data provision is broadly adequate for surveillance and the authorities are encouraged to close the remaining gaps.

42. It is proposed that the next Article IV consultation with Qatar take place on the standard 12-month cycle.

Figure 1. Qatar: Real Sector Developments

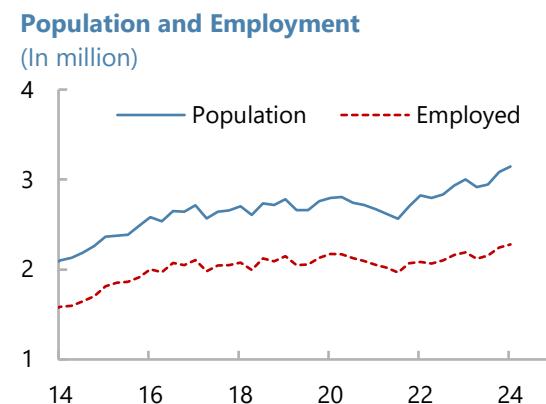
Non-hydrocarbon activity weakened in 2023...



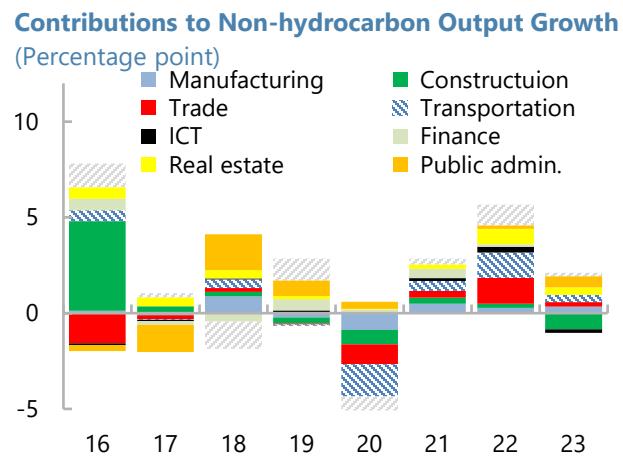
Real estate prices remained weak albeit having started to recover more recently...



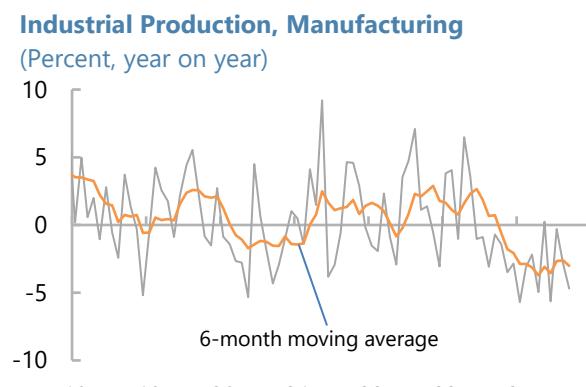
Strong population and employment growth support domestic demand...



...as construction contracted and trade, transportation and real estate weakened.



...while manufacturing production is showing signs of troughing.



...as labor force participation recovered to pre-COVID level.

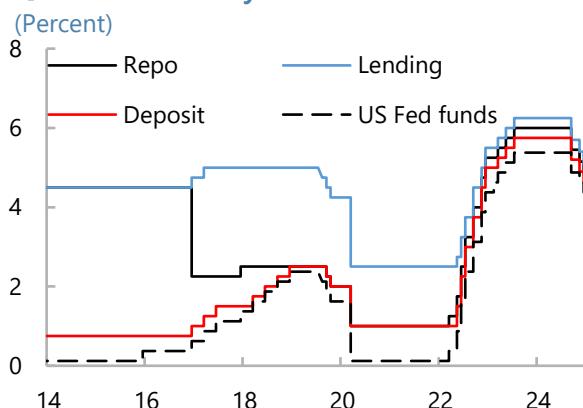


Sources: Haver Analytics, and IMF staff calculations.

Figure 2. Qatar: Inflation and Monetary Policy Developments

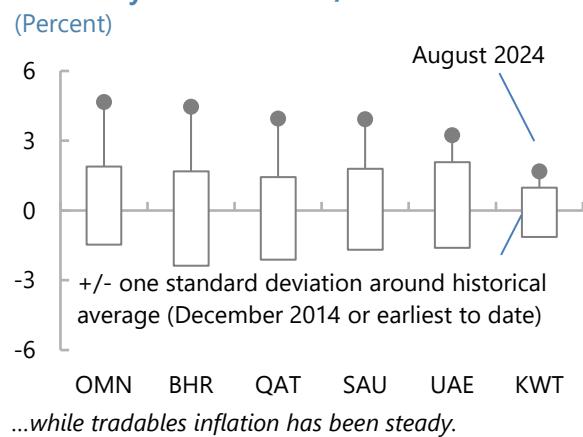
Policy rates broadly followed the US Fed, with the lending-deposit policy rate corridor having narrowed.

Qatari and US Policy Rates



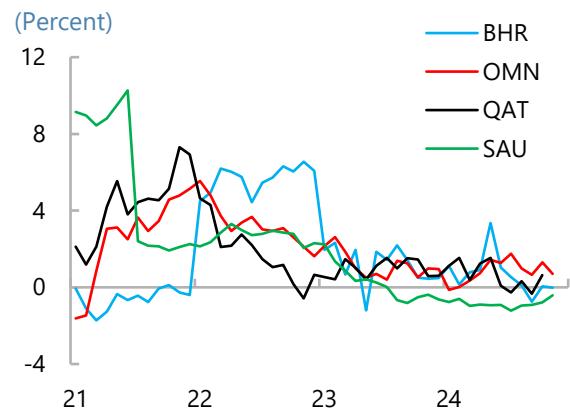
As monetary policy has tightened in real terms....

Real Policy Interest Rates 1/



...while tradables inflation has been steady.

Tradables Inflation

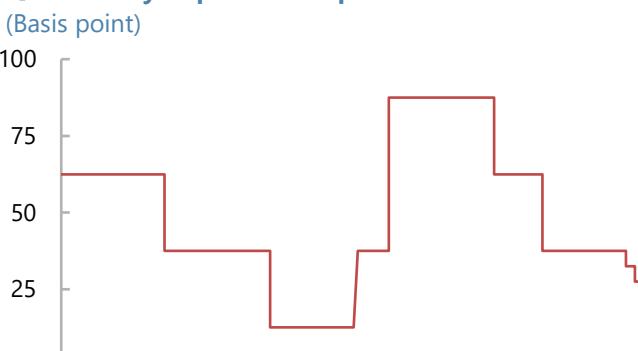


Sources: FocusEconomics, Haver Analytics, and IMF staff calculations.

1/ Deflated by survey-based 12 month-ahead inflation expectations.

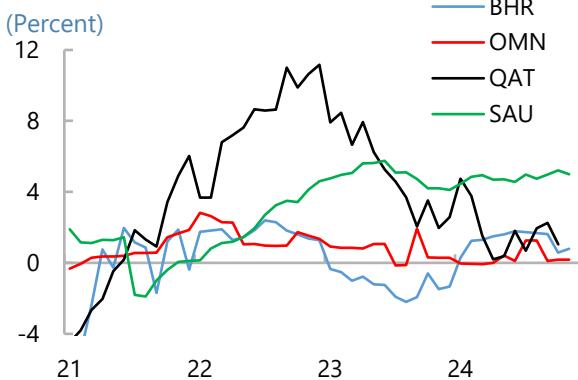
The domestic policy deposit rate has mostly moved less than the US Fed Funds rate through the cycles.

Qatari Policy Deposit Rate Spread to US Fed Funds



...disinflation in non-tradables has continued...

Nontradables Inflation



Money growth edged up as monetary policy tightening stopped.

Money Supply

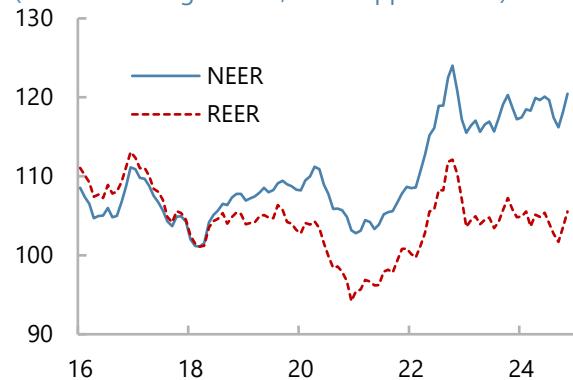


Figure 3. Qatar: External Sector Developments

After appreciating for 2 years through end-2022, effective exchange rates have weakened....

Effective Exchange Rates

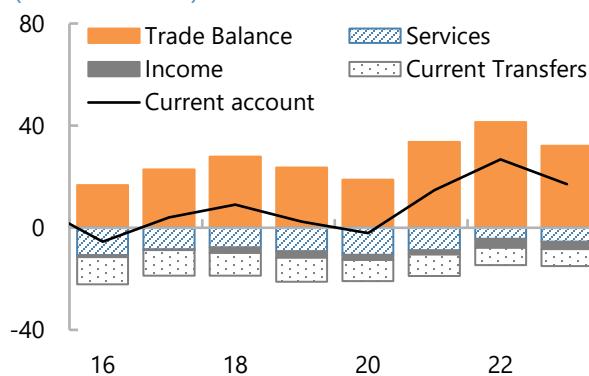
(2014-15 average = 100, "+" = appreciation)



The current account surplus moderated in 2023 amid lower hydrocarbon prices and export volume...

Current Account Components

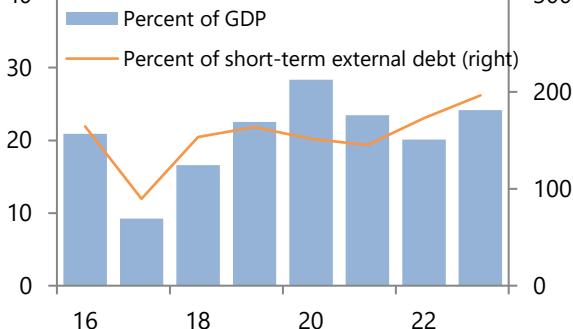
(Percent of GDP)



QCB reserves thus increased only moderately.

Central Bank International Reserves

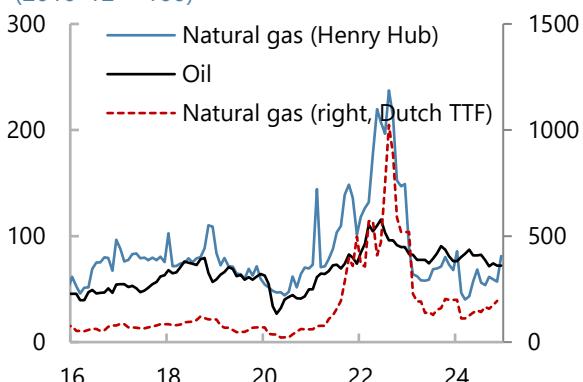
(Percent of GDP)



...while key hydrocarbon prices have declined.

Oil and Natural Gas Price Indices

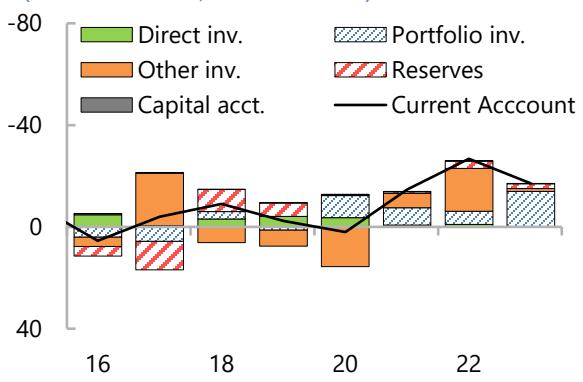
(2010-12 = 100)



... matched mostly by portfolio investment outflows.

Current Account Financing Components

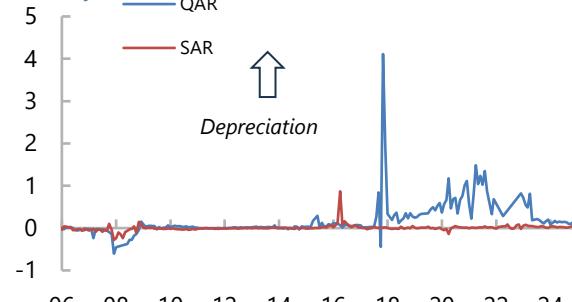
(Percent of GDP, inverted scale)



Exchange rate forwards have returned to around parity.

One-month Forward Dollar-cross Exchange Rate

(Percent deviation from spot exchange rate, monthly data)

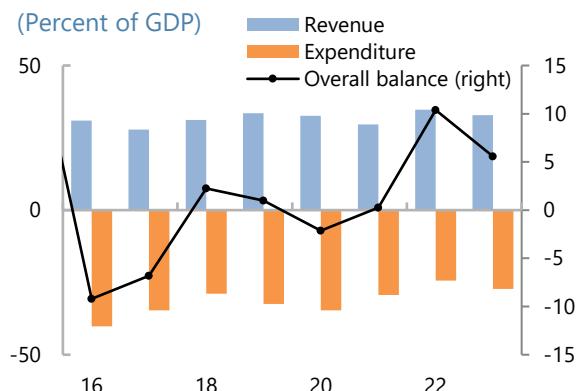


Sources: Bloomberg, Haver Analytics, IMF WEO, and IMF staff calculations.

Figure 4. Qatar: Fiscal Sector Developments

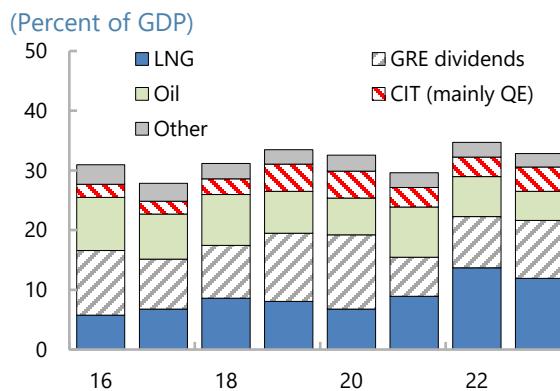
The overall fiscal surplus moderated in 2023 ...

Central Government Fiscal Balance (Percent of GDP)



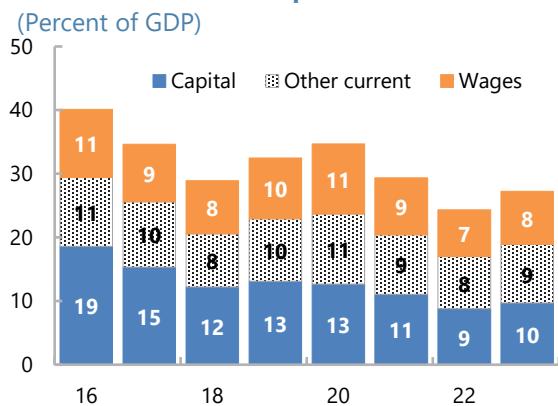
...as hydrocarbon revenue declined...

Central Government Revenue (Percent of GDP)



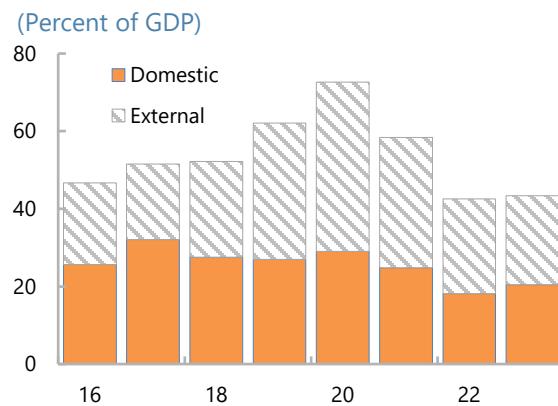
...and expenditure rose...

Central Government Expenditure (Percent of GDP)



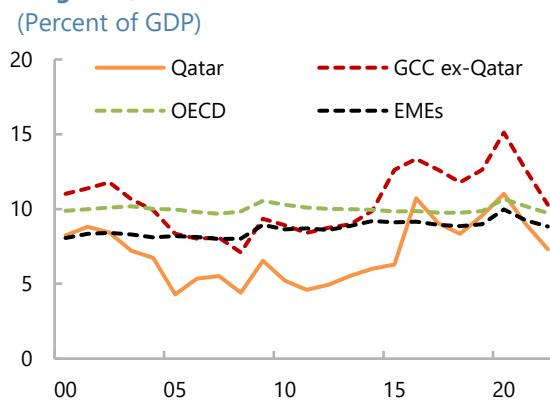
Central government debt is moderate...

Central Government Debt (Percent of GDP)



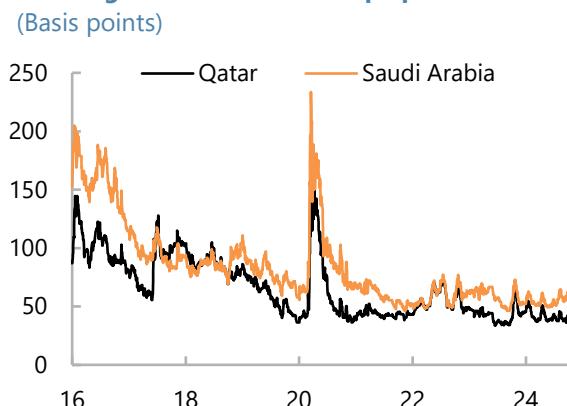
...even though wages are relatively low.

Wage Bill, 2000-22 (Percent of GDP)



...underpinning the tight sovereign risk premium.

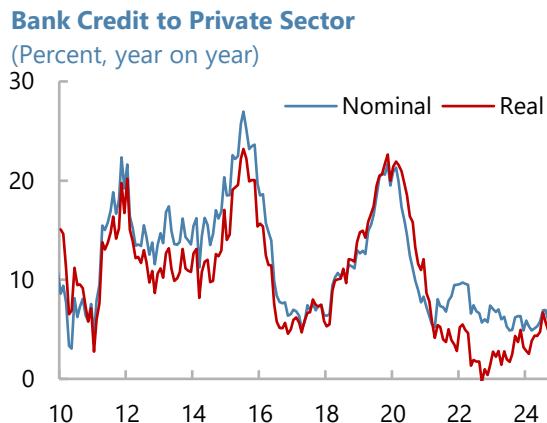
Sovereign Credit Default Swap Spreads (Basis points)



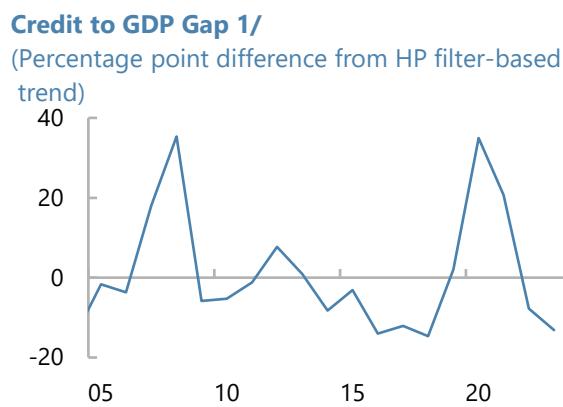
Sources: Bloomberg, Haver Analytics, and staff calculations.

Figure 5. Qatar: Credit and Financial Sector Developments

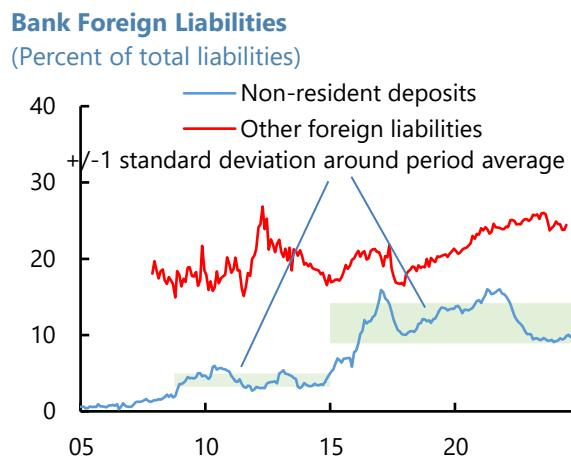
Real private sector credit growth picked up since late 2023...



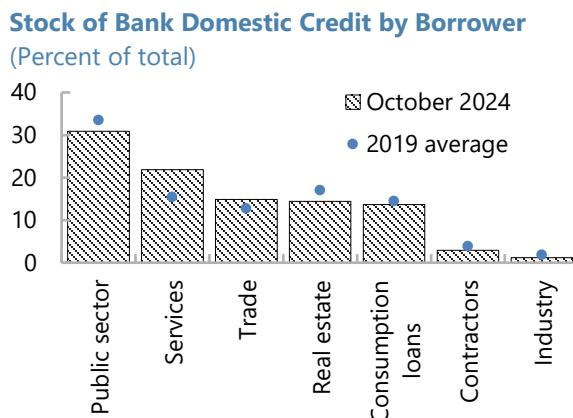
Banks' credit to non-hydro GDP gap is estimated to be negative in 2023.



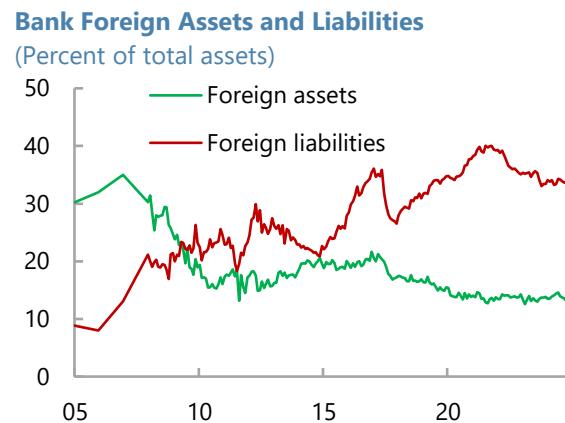
...owing to a fall in other foreign liabilities more recently.



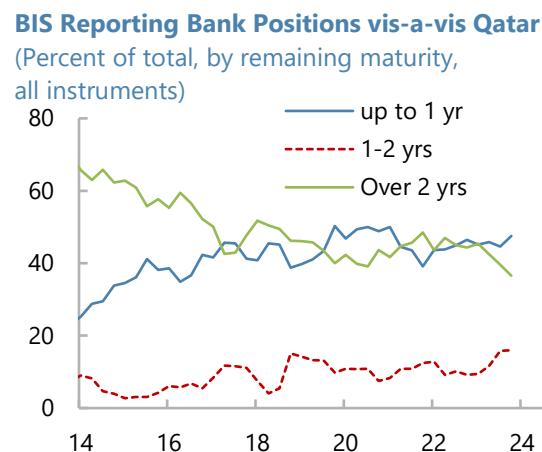
...while credit to the public sector remains the largest share of bank assets.



Bank foreign liabilities remained elevated but moderating...



Changes in maturity structure of cross-border bank lending to Qatar has been mixed.



Sources: Haver Analytics and IMF staff calculations.

1/ Bank total credit and non-hydrocarbon GDP.

Table 1. Qatar: Selected Macroeconomic Indicators, 2020-29

	2020	2021	2022	2023	2024	2025	Projections			
							2026	2027	2028	2029
National Account										
Nominal GDP (billions of Qatari Riyals)	525.7	654.2	858.0	775.3	813.6	828.9	882.7	955.7	998.0	1027.4
Nominal hydrocarbon GDP (billions of Qatari Riyals)	152.3	240.8	380.3	304.5	317.0	296.7	315.0	355.9	367.3	364.5
Nominal nonhydrocarbon GDP (billions of Qatari Riyals)	373.3	413.5	477.7	470.8	496.6	532.2	567.7	599.9	630.8	663.0
Nominal nonhydrocarbon GDP (share of overall GDP, percent)	71.0	63.2	55.7	60.7	61.0	64.2	64.3	62.8	63.2	64.5
Real GDP (2018 prices)	-3.6	1.6	4.2	1.2	1.7	2.4	5.2	7.9	3.5	1.6
Hydrocarbon 1/	-2.0	-0.3	1.7	1.4	1.4	3.0	10.4	16.1	4.8	0.2
Nonhydrocarbon	-4.5	2.8	5.7	1.1	1.9	2.1	2.2	2.6	2.6	2.6
Deflator	-15.1	22.5	25.9	-10.7	3.2	-0.5	1.2	0.4	0.9	1.4
CPI inflation (average)	-2.5	2.3	5.0	3.0	1.0	1.4	1.9	2.0	2.0	2.0
Hydrocarbon sector										
Exports (billions of U.S. dollars) 1/	47.2	75.1	115.2	84.5	82.9	86.9	92.5	104.9	108.6	107.9
Brent crude oil price (U.S. dollars per barrel)	43.3	70.8	99.0	82.3	82.7	74.7	72.2	70.6	69.7	69.1
Crude oil production (thousands of barrels per day)	565.0	551.0	574.0	574.0	580.0	580.0	580.0	580.0	580.0	580.0
Natural gas production (millions of tons per year)	113.1	113.8	115.2	117.2	118.7	122.6	136.6	160.6	168.9	169.3
of which Liquefied natural gas (LNG)	77.0	76.3	73.3	75.0	76.5	80.4	94.4	118.4	126.7	127.1
Central government finances										
Revenue	32.6	29.6	34.7	32.8	26.2	28.7	30.2	28.9	28.2	28.5
Expenditure	34.7	29.4	24.3	27.3	25.9	26.2	25.5	24.1	23.9	23.9
Current	22.0	18.3	15.6	17.5	17.2	17.5	17.1	16.3	16.1	16.2
Capital	12.7	11.1	8.8	9.7	8.7	8.7	8.4	7.9	7.8	7.7
Central government fiscal balance	-2.1	0.2	10.4	5.6	0.3	2.5	4.7	4.7	4.4	4.6
Non-hydrocarbon primary balance										
(percent of non-hydrocarbon GDP) 2/	-35.4	-34.6	-31.9	-33.5	-32.7	-32.2	-30.9	-30.2	-29.7	-29.3
Central government debt	72.6	58.4	42.6	43.7	40.5	39.6	38.3	36.3	35.8	35.7
Monetary and financial sector (change in percent)										
Broad money	3.8	1.4	17.4	1.1	4.1	5.6	6.5	6.5	6.5	6.5
Domestic claims on public sector 3/	6.2	9.1	1.3	-0.6	6.3	3.8	3.5	3.5	3.5	3.5
Domestic credit to private sector 4/	8.3	9.5	7.4	4.9	5.5	6.1	6.4	6.4	6.5	6.5
Bank lending rate, less than one year (average) 5/	0.1	3.9	4.6	6.5	6.2
Sovereign 5-year CDS (bps, end of period) 6/	38.5	43.8	48.2	45.0	43.8	43.4
External sector										
Exports	49.1	58.7	68.6	60.4	58.7	60.1	59.8	61.4	61.1	59.9
Imports	40.9	34.1	31.6	33.9	33.4	35.1	35.3	35.1	35.7	36.3
Current account balance	-2.1	14.6	26.8	17.1	16.6	15.5	14.8	16.4	16.0	14.9
Terms of trade (2013=100)	56.9	77.0	112.6	103.2	109.6	97.8	92.4	87.1	85.1	84.5
External debt	187.0	161.4	115.5	123.2	118.1	116.8	112.3	106.9	106.4	106.8
Central Bank's official reserves	28.3	23.5	20.1	24.2	24.5	25.4	25.0	24.4	24.3	24.5
Memorandum items										
Local currency per U.S. dollar (average) 6/	3.6	3.6	3.6	3.6	3.6	3.6
Real effective exchange rate (percent change) 5/	-3.2	-2.6	6.5	0.2	-0.5
Credit rating (Moody's investor services) 6/	Aa3	Aa3	Aa3	Aa3	Aa2	Aa2

Sources: Qatari authorities, and IMF staff.

1/ Crude oil, natural gas, propane, butane, and condensates.

2/ Central government fiscal balance excluding investment income and corporate income tax from hydrocarbon activities.

3/ Credit to the central government, and government and semi-government institutions, and holdings of government securities.

4/ Excludes financial securities.

5/ November 2024.

6/ January 6, 2025.

Table 2. Qatar: Balance of Payments, 2020–29
 (Billions of US dollars unless otherwise noted)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Projections
Current account	-3.0	26.3	63.1	36.5	37.0	35.2	35.9	43.1	44.0	42.0	
Trade (net)	27.1	60.3	97.4	68.3	65.5	66.8	70.5	80.7	82.2	80.0	
Exports	51.5	87.2	131.0	97.8	96.4	99.8	105.9	119.4	123.5	122.9	
Hydrocarbon	47.2	75.1	115.2	84.5	82.9	86.9	92.5	104.9	108.6	107.9	
o/w: LNG	30.5	35.3	58.6	47.2	49.2	54.7	60.5	71.9	75.2	74.6	
Crude oil	7.2	11.8	17.7	11.8	10.3	9.3	9.1	9.0	9.2	9.4	
Propane, butane	4.2	6.8	9.5	6.4	5.7	5.4	6.1	7.5	7.9	7.9	
Condensates	2.0	5.6	9.6	9.0	7.8	7.0	6.8	6.7	6.6	6.5	
Refined petroleum products	6.6	10.5	15.3	10.1	10.0	10.5	10.1	9.8	9.7	9.6	
Non-hydrocarbon	4.4	12.1	15.8	13.2	13.5	12.9	13.4	14.5	14.9	15.0	
o/w: Petrochemicals	3.6	6.6	9.4	7.1	7.3	6.8	7.2	8.2	8.5	8.4	
Others	4.6	5.5	6.4	6.1	6.3	6.1	6.2	6.3	6.4	6.6	
Imports	-24.4	-26.9	-33.5	-29.4	-30.9	-33.0	-35.5	-38.8	-41.3	-42.9	
Services (net)	-15.3	-16.0	-10.3	-11.8	-9.0	-9.9	-11.0	-11.5	-12.4	-13.4	
o/w: Transportation	-4.3	-1.9	5.7	4.7	6.1	6.4	6.4	7.1	7.5	7.7	
o/w: Travel	-3.2	-5.8	-5.0	-7.6	-5.7	-6.0	-6.3	-6.5	-6.5	-6.5	
Income (net)	-3.0	-2.8	-8.3	-6.1	-5.1	-7.3	-9.2	-11.7	-11.6	-10.4	
Credit	10.5	10.4	14.2	17.2	17.0	15.8	15.2	15.9	17.0	18.0	
Debit	-13.5	-13.1	-22.5	-23.3	-22.1	-23.1	-24.5	-27.6	-28.5	-28.4	
Transfers (net)	-11.8	-15.3	-15.8	-14.0	-14.4	-14.4	-14.4	-14.3	-14.2	-14.2	
o/w: workers remittances	-10.0	-10.8	-12.1	-11.6	-11.8	-11.5	-11.2	-10.9	-10.6	-10.2	
Capital account	-0.2	-0.1	-0.2	-0.1	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	
Financial account 1/	5.0	-23.4	-54.0	-32.5	-33.6	-31.8	-32.7	-39.4	-41.3	-39.1	
Direct Investment (net)	-5.2	-1.3	-2.3	-0.3	0.8	0.9	1.1	1.2	1.4	1.7	
Net acquisition of financial assets	-2.7	-0.2	-2.4	0.2	-0.2	-0.2	-0.3	-0.3	-0.3	-0.3	
Net incurrence of liabilities	-2.4	-1.1	0.1	-0.5	1.0	1.2	1.3	1.5	1.7	2.0	
Portfolio borrowing (net)	-12.3	-11.8	-11.9	-29.9	-27.8	-19.7	-19.3	-19.2	-18.5	-17.1	
Net acquisition of financial assets	-14.6	-10.0	-10.6	-22.8	-24.1	-23.5	-23.4	-23.7	-23.5	-23.5	
Net incurrence of liabilities	2.3	-1.5	-1.1	-7.5	-3.7	3.7	4.1	4.5	5.0	6.5	
Other investment (net)	22.5	-10.3	-39.8	-2.4	-6.6	-13.0	-14.5	-21.5	-24.2	-23.7	
Net acquisition of financial assets	1.1	-27.0	-22.8	-5.3	-8.2	-15.0	-20.8	-30.0	-35.2	-33.3	
Net incurrence of liabilities	22.0	16.7	-17.0	2.9	1.6	1.9	6.3	8.5	11.0	9.6	
Net errors and omissions	-1.3	-1.7	-2.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	
Overall balance	0.5	1.1	6.9	3.9	3.2	3.1	2.9	3.4	2.4	2.6	
Change in QCB reserves (- increase)	-0.5	-1.1	-6.9	-3.9	-3.2	-3.1	-2.9	-3.4	-2.4	-2.6	
Memorandum items:											
Nominal GDP	144.4	179.7	235.7	213.0	223.5	227.7	242.5	262.6	274.2	282.3	
Current account balance (percent of GDP)	-2.1	14.6	26.8	17.1	16.6	15.5	14.8	16.4	16.0	14.9	
Trade balance (percent of GDP)	18.8	33.6	41.3	32.1	29.3	29.3	29.1	30.7	30.0	28.4	
Financial account balance (percent of GDP)	3.4	-13.0	-22.9	-15.3	-15.0	-14.0	-13.5	-15.0	-15.1	-13.8	
Central bank reserves 2/	40.9	42.2	47.4	51.5	54.7	57.8	60.7	64.1	66.6	69.2	
In months of next year's imports	8.0	6.6	7.7	8.1	8.0	7.9	7.7	8.2	8.0	7.9	
In percent of short-term external debt	151.5	145.3	174.0	196.2	207.1	217.3	222.9	228.4	228.1	229.6	
In percent of the ARA metric	51.2	48.5	51.7	58.8	62.0	63.5	63.6	63.3	62.3	61.8	

Sources: Qatar Central Bank; and IMF staff.

1/ Financial account net for 2021, 2022, and 2023 differ from the authorities' version by the amount of financial derivatives net.

2/ Including Arab Monetary Fund share and is slightly greater than the officially reported values.

Table 3a. Qatar: Summary of Central Government Finance, 2020–29
(Billions of Qatari Riyals unless otherwise noted)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Projections
Revenue	171.2	193.7	297.8	254.4	213.5	238.2	266.4	275.8	281.6	293.2	
Oil	32.3	55.2	57.5	39.0	33.5	30.3	29.6	29.6	30.2	30.9	
LNG	35.5	58.4	117.3	88.3	80.2	111.6	127.8	133.0	133.0	140.4	
Investment income from public enterprises 1/	65.5	42.7	73.7	75.2	55.0	51.0	55.3	56.5	57.1	58.3	
Corporate tax revenue 1/	23.7	21.1	27.9	34.6	28.4	28.5	36.4	39.1	43.6	45.6	
Other revenue 1/	14.2	16.2	21.4	17.3	16.3	16.8	17.2	17.6	17.8	17.9	
Expenditure	182.4	192.1	208.7	211.4	210.8	217.4	224.8	230.8	238.1	245.7	
Expense	115.9	119.8	133.4	136.0	139.9	145.1	150.9	155.3	160.7	166.4	
Compensation of employees	57.9	58.7	62.9	64.9	68.8	72.9	76.9	80.9	85.2	89.8	
Goods and services	17.9	19.0	20.1	21.3	22.1	23.0	24.0	24.2	24.9	25.7	
Interest payments	12.2	11.6	11.7	11.2	10.5	10.2	10.3	10.5	10.8	11.2	
Other expense	27.9	30.6	38.8	38.6	38.6	38.8	39.8	39.6	39.7	39.8	
Net acquisition of nonfinancial assets	66.5	72.3	75.3	75.4	70.9	72.4	73.9	75.5	77.4	79.2	
Gross operating balance	55.3	73.9	164.3	118.4	73.5	93.2	115.5	120.5	120.9	126.7	
Net lending (+)/borrowing (-)	-11.2	1.6	89.0	43.0	2.6	20.8	41.6	45.0	43.5	47.5	
Financing											
Domestic financing (net)	-3.1	1.4	-22.8	3.1	13.2	3.2	4.9	5.0	5.2	5.3	
Bank loans	3.0	5.5	-26.2	-9.9	10.6	0.0	0.0	0.0	0.0	0.0	
Domestic securities	-5.7	19.4	12.9	2.8	2.6	3.2	4.9	5.0	5.2	5.3	
Domestic deposits	-0.4	-23.5	-9.5	10.2	0.0	0.0	0.0	0.0	0.0	0.0	
Foreign borrowing	3.3	-9.5	-16.8	-24.8	-8.4	-4.0	4.5	4.5	4.5	4.5	
Other 2/	11.0	6.5	-49.4	-21.3	-7.4	-20.0	-50.9	-54.5	-53.2	-57.4	
Non-hydrocarbon primary fiscal balance 3/	-132.3	-143.3	-152.3	-157.6	-162.2	-171.3	-175.4	-181.4	-187.5	-194.1	
Memorandum items											
Total debt	381.7	382.0	365.2	338.6	329.2	328.4	337.8	347.3	357.0	366.8	
External	228.9	219.8	203.0	178.2	169.8	165.8	170.3	174.8	179.3	183.8	
Domestic	152.8	162.2	162.2	160.4	159.4	162.6	167.5	172.5	177.7	183.0	
Total net debt	306.4	283.3	257.0	240.6	231.2	230.4	239.8	249.3	259.0	268.8	
o/w net domestic debt 4/	77.5	63.5	54.0	62.4	61.4	64.6	69.5	74.5	79.7	85.0	
External debt service/total revenue (percent)	22.8	9.9	8.8	11.9	6.2	3.6	1.7	1.6	1.7	1.6	
Total hydrocarbon revenue 5/	131.0	156.4	253.1	211.9	175.4	202.4	227.2	236.9	241.9	252.8	
as a share of total revenues (in percent)	76.5	80.7	85.0	83.3	82.2	85.0	85.3	85.9	85.9	86.2	

Sources: Ministry of Finance, and IMF staff.

1/ From both hydrocarbon and non-hydrocarbon sources.

2/ Accumulation of foreign assets by the government.

3/ Excludes investment income and corporate income tax from hydrocarbon activities.

4/ Net of government domestic deposits.

5/ Includes investment income and corporate income tax from hydrocarbon activities.

Table 3b. Qatar: Summary of Central Government Finance, 2020-29
(Percent of GDP unless otherwise noted)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Projections
Revenue	32.6	29.6	34.7	32.8	26.2	28.7	30.2	28.9	28.2	28.5	
Oil	6.1	8.4	6.7	5.0	4.1	3.7	3.4	3.1	3.0	3.0	
LNG	6.8	8.9	13.7	11.4	9.9	13.5	14.5	13.9	13.3	13.7	
Investment income from public enterprises 1/	12.5	6.5	8.6	9.7	6.8	6.2	6.3	5.9	5.7	5.7	
Corporate tax revenue 1/	4.5	3.2	3.3	4.5	3.5	3.4	4.1	4.1	4.4	4.4	
Other revenue 1/	2.7	2.5	2.5	2.2	2.0	2.0	1.9	1.8	1.8	1.7	
Expenditure	34.7	29.4	24.3	27.3	25.9	26.2	25.5	24.1	23.9	23.9	
Expense	22.0	18.3	15.6	17.5	17.2	17.5	17.1	16.3	16.1	16.2	
Compensation of employees	11.0	9.0	7.3	8.4	8.5	8.8	8.7	8.5	8.5	8.7	
Goods and services	3.4	2.9	2.3	2.7	2.7	2.8	2.7	2.5	2.5	2.5	
Interest payments	2.3	1.8	1.4	1.4	1.3	1.2	1.2	1.1	1.1	1.1	
Other expense	5.3	4.7	4.5	5.0	4.7	4.7	4.5	4.1	4.0	3.9	
Net acquisition of nonfinancial assets	12.7	11.1	8.8	9.7	8.7	8.7	8.4	7.9	7.8	7.7	
Gross operating balance	10.5	11.3	19.2	15.3	9.0	11.2	13.1	12.6	12.1	12.3	
Net lending (+)/borrowing (-)	-2.1	0.2	10.4	5.6	0.3	2.5	4.7	4.7	4.4	4.6	
Financing											
Domestic financing (net)	-0.6	0.2	-2.7	0.4	1.6	0.4	0.6	0.5	0.5	0.5	
Bank loans	0.6	0.8	-3.1	-1.3	1.3	0.0	0.0	0.0	0.0	0.0	
Domestic securities	-1.1	3.0	1.5	0.4	0.3	0.4	0.6	0.5	0.5	0.5	
Domestic deposits	-0.1	-3.6	-1.1	1.3	0.0	0.0	0.0	0.0	0.0	0.0	
Foreign borrowing	0.6	-1.4	-2.0	-3.2	-1.0	-0.5	0.5	0.5	0.5	0.4	
Other 2/	2.1	1.0	-5.8	-2.8	-0.9	-2.4	-5.8	-5.7	-5.3	-5.6	
Non-hydrocarbon primary fiscal balance 3/	-35.4	-34.6	-31.9	-33.5	-32.7	-32.2	-30.9	-30.2	-29.7	-29.3	
Memorandum items:											
Total debt	72.6	58.4	42.6	43.7	40.5	39.6	38.3	36.3	35.8	35.7	
External debt	43.5	33.6	23.7	23.0	20.9	20.0	19.3	18.3	18.0	17.9	
Domestic debt	29.1	24.8	18.9	20.7	19.6	19.6	19.0	18.0	17.8	17.8	
Total net debt	58.3	43.3	30.0	31.0	28.4	27.8	27.2	26.1	25.9	26.2	
o/w net domestic debt 4/	14.8	9.7	6.3	8.0	7.5	7.8	7.9	7.8	8.0	8.3	
Primary fiscal balance	0.2	2.0	11.7	7.0	1.6	3.7	5.9	5.8	5.4	5.7	
Total hydrocarbon revenue 5/	24.9	23.9	29.5	27.3	21.6	24.4	25.7	24.8	24.2	24.6	
Non-hydrocarbon tax revenues 3/	2.7	1.9	1.9	1.9	1.9	1.9	2.7	2.7	2.8	2.8	

Sources: Ministry of Finance, and IMF staff.

1/ From both hydrocarbon and non-hydrocarbon sources.

2/ Accumulation of foreign assets by the government.

3/ Excludes investment income and corporate income tax from hydrocarbon activities.

4/ Net of government domestic deposits.

5/ Includes investment income and corporate income tax from hydrocarbon activities.

Table 4. Qatar: Monetary Survey, 2020-29
(Billions of Qatari Riyals unless otherwise noted)

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	Projections
Total											
Net foreign assets	-254.7	-316.8	-228.9	-202.4	-199.6	-193.8	-196.1	-204.2	-225.1	-239.8	
Net domestic assets	854.6	925.3	943.3	925.1	952.0	988.1	1042.1	1105.6	1185.1	1262.1	
Claims on government (net)	218.2	219.6	196.8	199.9	213.1	216.3	221.2	226.2	231.4	236.7	
Domestic credit	916.5	1004.2	1081.8	1125.8	1195.1	1269.7	1348.4	1431.6	1520.9	1615.6	
Other items (net)	-280.1	-298.5	-335.2	-400.6	-456.2	-498.0	-527.5	-552.2	-567.2	-590.2	
Broad Money	599.9	608.5	714.5	722.7	752.5	794.3	846.0	901.4	960.1	1022.3	
Money	146.5	148.3	160.8	139.3	145.0	153.1	163.0	173.7	185.0	197.0	
Quasi Money	453.4	460.2	553.7	583.4	607.5	641.3	683.0	727.7	775.1	825.3	
Qatar Central Bank											
Net foreign assets	147.7	148.5	167.7	182.7	194.3	205.7	216.2	228.7	237.6	247.2	
Foreign assets	149.0	153.5	172.4	187.4	199.0	210.4	220.9	233.4	242.3	251.9	
Foreign liabilities	1.3	4.9	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	
Claims on commercial banks	76.8	75.3	58.0	60.4	59.4	58.4	57.4	56.4	55.4	54.4	
Net claims on government	-1.0	-1.1	-2.9	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	-1.0	
Claims on government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Government deposits	1.0	1.1	2.9	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Reserve Money	101.2	106.5	98.9	94.6	99.7	104.3	109.7	115.7	121.4	127.1	
Cash in vault	26.3	24.6	25.9	19.7	21.3	21.9	23.2	24.9	26.0	26.9	
Deposits of local banks	74.9	81.9	72.9	74.9	78.5	82.4	86.5	90.8	95.4	100.1	
Other items (net)	122.3	116.3	124.0	147.4	152.9	158.7	162.8	168.4	170.6	173.5	
Other Depository Corporations											
Net foreign assets	-402.3	-465.3	-396.6	-385.1	-393.9	-399.4	-412.3	-432.9	-462.7	-487.1	
Foreign assets	232.7	251.6	272.0	272.5	277.9	283.5	289.2	294.9	300.8	306.9	
Foreign liabilities	635.0	716.9	668.5	657.6	671.8	682.9	701.5	727.8	763.5	793.9	
Claims on Central Bank	87.2	93.1	85.2	81.7	85.8	90.0	94.5	99.3	104.2	109.5	
Currency	12.5	11.9	12.7	6.9	7.3	7.7	8.0	8.4	8.9	9.3	
Reserve Deposits	74.7	81.2	72.5	74.7	78.5	82.4	86.5	90.8	95.4	100.1	
Claims on public sector	509.5	555.7	563.1	559.9	595.1	617.4	639.2	661.4	684.6	708.5	
Credit to government	136.8	142.3	116.0	106.2	116.8	116.8	116.8	116.8	116.8	116.8	
Government financial securities	156.7	176.1	188.9	191.7	194.3	197.5	202.4	207.4	212.6	217.9	
Credit to public enterprises	216.1	237.4	258.2	262.0	284.0	303.1	320.0	337.2	355.2	373.8	
Credit to private sector	700.4	766.8	823.6	863.8	911.1	966.6	1028.5	1094.4	1165.7	1241.8	
Deposits	660.4	693.4	806.5	806.9	833.6	869.9	906.1	939.1	970.9	1003.9	
Private sector	397.1	404.8	458.2	464.3	489.7	524.8	559.8	591.5	622.0	653.8	
Public enterprises	189.0	191.0	243.0	245.6	246.9	248.1	249.3	250.6	251.8	253.1	
Government	74.3	97.6	105.3	97.0	97.0	97.0	97.0	97.0	97.0	97.0	
Liabilities to the central bank	31.3	32.7	14.9	17.7	16.7	15.7	14.7	13.7	12.7	11.7	
Other items, net	203.2	224.1	253.8	295.5	347.8	389.0	429.0	469.3	508.3	557.1	
Memorandum items											
Broad money growth (M2)	3.8	1.4	17.4	1.1	4.1	5.6	6.5	6.5	6.5	6.5	
Velocity (M2 to non-hydrocarbon GDP)	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	0.6	
Net foreign assets (change)	-99.7	-62.1	87.9	26.4	2.8	5.8	-2.4	-8.1	-20.9	-14.8	
Net domestic assets (percent of GDP)	162.6	141.4	109.9	119.3	117.0	119.2	118.1	115.7	118.7	122.8	
o/w: Domestic claims on public sector	96.9	84.9	65.6	72.2	73.1	74.5	72.4	69.2	68.6	69.0	
o/w: Domestic claims on private sector	133.2	117.2	96.0	111.4	112.0	116.6	116.5	114.5	116.8	120.9	

Sources: Haver Analytics, Qatar Central Bank, and IMF staff.

Table 5. Qatar: Financial Soundness Indicators, 2017–24Q3

	2017	2018	2019	2020	2021	2022	2023	2024Q3
Capital adequacy								
Regulatory capital to risk weighted assets	16.8	18.0	18.6	18.8	19.2	19.3	19.9	19.8
Regulatory Tier 1 capital to risk-weighted assets	16.5	17.0	17.5	17.6	18.0	18.1	18.8	18.7
Regulatory Tier 1 capital to total assets	10.7	10.1	9.9	9.6	9.3	8.7	8.2	8.5
Nonperforming Loans net of provisions to capital	1.7	3.0	2.2	2.3	2.6	5.9	6.1	4.9
Asset quality								
Nonperforming loans to total loans	1.6	1.9	1.8	2.0	2.4	3.6	3.9	3.9
Bank provisions to nonperforming loans	83.2	75.8	81.9	83.8	85.0	77.0	77.1	81.3
Bank provisions to total loans	1.5	2.3	2.5	2.8	3.2	4.0	4.3	4.5
Total provisions to total assets	1.1	1.6	1.7	1.9	2.1	2.7	2.9	3.0
Bank loans by economic activity (% of total)								
Government	21.4	17.7	13.9	13.0	12.4	9.6	8.6	9.0
Government institutions	17.8	17.3	17.6	18.7	19.1	19.9	19.4	19.9
Semi government institutions	2.4	2.2	1.4	1.8	1.6	1.5	1.8	1.6
Personal loans	23.3	23.1	21.8	21.0	20.6	20.9	21.3	20.8
Services	9.6	13.3	16.5	17.5	18.1	19.3	21.2	21.0
General trade	7.9	9.7	13.7	13.9	14.2	14.1	14.9	14.8
Real estate and construction	14.5	13.7	12.2	11.5	12.1	12.6	11.2	11.5
Other	3.2	3.1	3.0	2.6	2.0	2.1	1.6	1.4
Earnings and profitability								
Return on assets	1.5	1.6	1.6	1.4	1.4	1.4	1.5	1.5
Return on equity	13.9	15.3	15.8	13.7	14.7	14.0	14.9	14.6
Net interest to gross income	78.1	77.0	77.0	79.5	80.5	79.0	78.4	79.7
Net Interest to average total assets	1.9	1.9	1.9	2.0	2.0	2.1	2.1	2.1
Non-interest expenses to gross income	26.8	25.9	24.4	21.2	21.1	20.5	22.6	22.9
Wages and salaries to other non-interest expenses	49.4	49.7	50.0	49.5	49.6	42.5	41.2	40.4
Liquidity								
Liquid assets to total assets	28.2	29.1	30.2	28.1	28.2	26.3	26.9	24.3
Liquid assets to short-term liabilities	54.2	62.7	69.7	67.0	66.9	57.4	62.4	61.6
Domestic credit-to-deposits ratio	119.6	134.1	150.4	159.5	165.3	148.5	152.7	151.7
Loans as a percentage of customers deposits	108.8	114.1	120.1	122.9	121.5	123.3	127.1	125.4
Real estate market								
Real estate prices (2016=100)	92.6	84.7	82.0	74.6	74.2	74.8	75.0	72.1

Sources: Haver Analytics and Qatar Central Bank.

Table 6. Qatar: Vulnerability Indicators, 2017-24

	2017	2018	2019	2020	2021	2022	2023	2024 3/
External solvency indicators								
REER (change in percent, 2010=100)	-1.2	-2.8	0.7	-3.3	-2.6	6.5	0.2	-0.5
Total external debt (US\$bn)	166.3	198.2	242.6	270.1	290.1	272.2	262.4	...
Total debt (%GDP)	103.2	108.1	137.6	187.0	161.4	115.5	123.2	...
Public sector solvency indicators								
Government gross domestic debt (%GDP)	32.1	27.6	27.0	29.1	24.8	18.9	20.7	...
Government net domestic debt (%GDP) 1/	16.0	14.2	15.3	14.8	9.7	6.3	8.0	...
Government external debt (%GDP)	19.5	24.6	35.1	43.5	33.6	23.7	23.0	...
Interest payments (%total revenue)	5.0	4.7	5.1	7.1	6.0	3.9	4.4	...
External liquidity indicators								
Central bank net reserves (US\$bn)	14.5	30.1	39.4	40.6	40.8	46.1	50.2	53.8
In months of imports in following year	2.7	5.4	8.0	8.0	6.6	7.7	8.1	...
Commercial banks net foreign assets (US\$bn)	-35.0	-54.6	-82.0	-110.5	-127.8	-109.0	-105.8	-112.5
o/w: Foreign assets (US\$bn)	64.4	65.7	66.0	63.9	69.1	74.7	74.9	75.9
o/w: Foreign liabilities (US\$bn)	99.4	120.3	147.9	174.5	197.0	183.7	180.7	188.3
Hydrocarbon exports (%total exports)	84.5	86.4	86.2	91.5	86.1	87.9	86.5	...
Banking sector indicators								
Foreign currency deposits (%total deposits)	37.3	36.1	27.9	28.2	29.8	36.4	38.8	...
Net domestic credit (%yoY)	6.6	9.8	17.3	10.4	9.6	7.7	4.1	5.6
Private sector credit (%yoY)	6.4	13.0	19.5	8.3	9.5	7.4	4.9	5.5
Net domestic credit (%GDP)	110.0	106.1	129.3	174.4	153.5	126.1	145.2	...
Private sector credit (%total assets)	35.1	38.2	41.7	41.6	42.0	43.2	43.9	44.6
Financial market indicators								
Stock market index (%yoY)	-18.3	20.8	1.2	0.1	11.4	-8.1	1.4	-2.4
Sovereign 5-year CDS (bps)	101.3	83.2	35.9	38.5	43.8	48.2	45.0	43.8
Sovereign credit ratings								
Average	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA
Fitch 2/	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA
Moody's 2/	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa2
S&P 2/	AA-	AA-	AA-	AA-	AA-	AA	AA	AA

Sources: Bloomberg, Qatari authorities, and IMF staff.

1/ Net of government domestic deposits.

2/ Long-term foreign currency ratings.

3/ Latest data.

Annex I. Overview of Qatar's Third National Development Strategy

This Annex provides a brief overview of the Third National Development Strategy (NDS3), which sets the priorities to build a knowledge-based and more sustainable economy. It stresses the state's role as an enabler of private sector-led growth, based on a candid assessment of the limitations and challenges associated with a state-driven growth model.

1. Qatar's Third National Development Strategy (NDS3) aims for a transformation toward a private sector-led, knowledge-based, and more sustainable economy (Annex Figure 1-1). Issued in January 2024, NDS3 covers the last miles of Qatar's National Vision (QNV) 2030. From NDS1 (2011-16), NDS2 (2018-22) to NDS3 (2024-30), Qatar's diversification strategy has gradually transitioned from a public sector-driven, infrastructure-focused approach, to one that empowers the private sector to build a more dynamic and innovative economy (Table 1). NDS3 aims to leverage Qatar's strengths built over the last decade, including large financial resources, enhanced human capital, and high-quality infrastructure. The strategy lays out a systematic approach for economic transformation, with ambitious targets set.

2. NDS3 highlights Qatar's progress made since the launch of the Qatar National Vision 2030. Substantial strides have been made in economic, human, social, environmental, and institutional development. In particular, Qatar has achieved solid economic growth during 2008–23 (average 5½ percent), with the share of non-hydrocarbon economy rising by more than 10 percentage points (ppts) to 63 ppts. Qatar's education and health systems, labor market including for expatriate workers, and government effectiveness have also witnessed significant improvements.

3. NDS3 also recognizes candidly the limitations and key challenges in Qatar's diversification journey. Qatar's progress in economic diversification lags some other GCC countries, especially in fiscal revenue and exports. NDS3 acknowledges relatively low non-hydrocarbon output growth in recent years with declining labor productivity, its costly diversification model driven largely by public sector spending with implications for fiscal sustainability, and incentives that hinder private sector development, entrepreneurship, and innovation. Skilled and highly skilled employment rose (including both nationals and expatriates) but the majority remains less skilled. NDS3 points out barriers to market entry and FDI, various regulatory impediments, an immature innovation ecosystem, and insufficient human capital as key challenges for further transformation. The global energy transition only compounds the need to accelerate economic diversification.

4. NDS3 stresses that the state should become an "enabler" of more vibrant and sustainable private sector-driven growth. A wide range of reforms are envisaged to close remaining gaps in innovation, human capital, and the regulatory environment. NDS3 highlights the need to harmonize economic zones to help attract FDI, boost international trade including through additional trade agreements with key target markets, and Public-Private partnership (PPP) to facilitate private sector participation. It also identifies "diversification clusters" to build comparative advantages, setting ambitious targets both at the sectoral level and on macroeconomic outcomes.

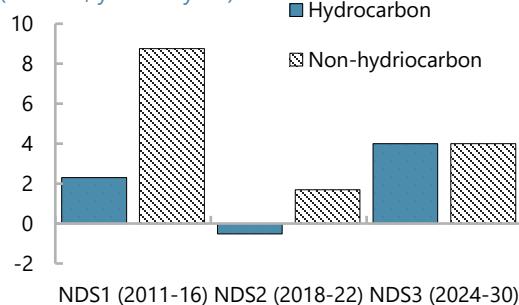
Figure I. 1. Qatar: Economic Progress and Select NDS3 Targets 1/

NDS3 targets strong medium-term growth amid significant LNG expansion and intensified reforms...

...focusing on manufacturing, logistics, and tourism, some of which have been strong post-2022 FIFA World Cup...

Real GDP Growth Outturns (NDS1-2) and NDS3 Targets

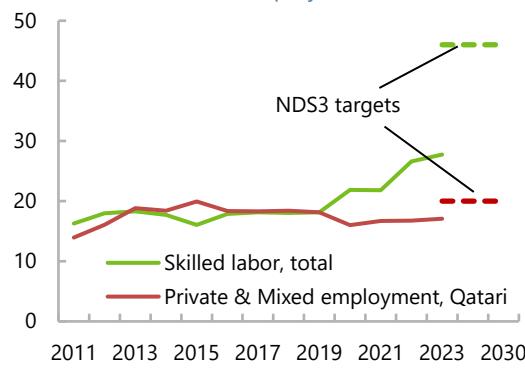
(Percent, year on year)



...supported by labor market transformation to boost private sector and knowledge sector-led growth...

Skilled and Qatari Private Sector Employment

(Share of total/Qatari employment)



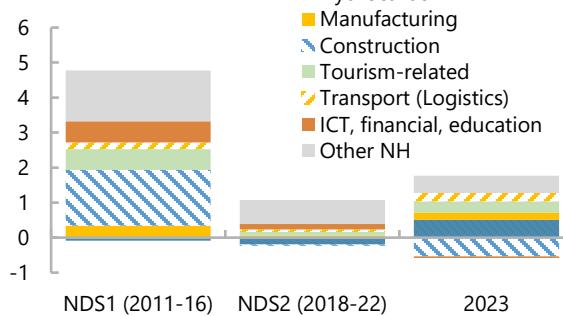
Sources: Haver, NDS3, World Bank, UNIDO, and IMF staff calculations.

1/ CIP = UN's Competitive Industrial Performance index.

2/ Government Effectiveness ranking includes 214 economies, UNCIP includes 153 economies.

Contributions to Non-hydrocarbon Output Growth

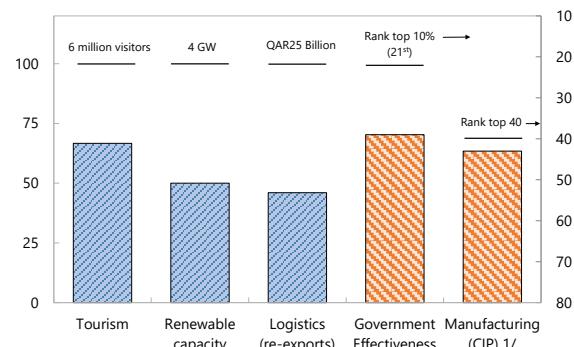
(Percent, year on year)



...and accelerated progress in other important areas.

Latest Progress on Selected NDS3 Targets

(Percent completion towards target; actual ranking vs. target (rhs)) 2/



5. In particular, NDS3 lays out seven strategic outcomes with numerical targets:

- **Growth model.** A more sustainable growth model is envisaged, underpinned by Qatar's stronger position in the global gas market and a focus on high productivity "diversification clusters" — growth clusters (manufacturing, logistics and tourism), enabling clusters (IT & digital, financial and education) and resilience clusters (food and agriculture, health). Key macroeconomic targets include to achieve an average annual real GDP growth, both for total and non-hydrocarbon, of 4 percent (the past five-year-average was at 0.8 and 1.5 percent, respectively), create a top-10 global business environment, attract \$100 billion FDI inflows (cumulatively over 2024–30), increase R&D spending to 1.5 percent of GDP (currently at 0.7 percent of GDP) with 60 percent from the private sector, and improve labor productivity growth to 2 percent annually (the past five-year-average was close to zero).

- **Fiscal policy.** A more sustainable, shock-resistant medium-term fiscal framework is envisaged, supported by diversified revenues, efficient expenditures, and relatively low debt. Key 2030 targets include to reach a fiscal surplus of 5½ percent of GDP (the past five-year-average was 3 percent), maintain the current sovereign credit ratings of AA/Aa2 with stable outlook, and achieve manageable expenditure growth (below the non-hydrocarbon output growth rate). The government plans to reduce procyclicality of spending, implement program-based budgeting, and enhance debt management through frameworks including sovereign green financing.
- **Human capital.** The government will promote STEM education and upskill the Qatari. Initiatives to attract high-skilled expatriate workers will include labor immigration reforms, upskilling programs with private sector participation, and new visa schemes for elite talent and entrepreneurs. The goal is for skilled labor force to exceed 46 percent of the total by 2030 (currently at 28 percent), with 20 percent of the Qatari workforce in the private sector (currently at 17 percent).
- **Inclusiveness.** Qatar aims at maintaining a high fertility rate (of 3 percent) and increase the economic participation of people with disabilities (to 30 percent by 2030). The government will launch marriage and family support programs, enhance maternity leave, and promote financial literacy. For vulnerable segments, initiatives include better identification, skill development, and expanded social services. Women's empowerment and volunteerism (targeting a 10 percent volunteer rate) will also be key focuses.
- **Health.** Qatar targets a life expectancy of above 82 years and a 36 percent reduction in non-communicable disease mortality by 2030. Key plans include healthcare infrastructure optimization, lifestyle programs, and advancing patient care. The government will enhance urban planning, cultural offerings, and public safety, aiming for fewer than 4.9 traffic deaths per 100,000 population. Satisfaction scores for residents and visitors are targeted to exceed 88 percent.
- **Climate and sustainability.** Qatar aims to reduce greenhouse gas emissions by 25 percent relative to the business-as-usual scenario by 2030 and expand renewable energy capacity to 4 GW. The government will protect 30 percent of its land and marine areas, restore 30 percent of degraded natural habitats and reduce groundwater extraction by 70 percent, with per-capita water consumption below 310 liters per day. Plans include deploying carbon capture technologies, expanding biodiversity protection, improving water conservation, and fostering circular economy practices.
- **Government efficiency.** Qatar targets to rank in the top 10 percent on the Government Effectiveness Index, with 90 percent of services digitalized by 2030. High satisfaction rates are also set to further reduce corruption and enhance satisfaction of public services. Reforms focus on strengthening digital capabilities, policy alignment, and performance management. Plans include launching centralized performance tracking systems, improving data governance, and enhancing accountability through more efficient and transparent government operations.

Table I.1. Qatar: Thematic Evolution Across NDS1, NDS2, and NDS3

Themes	NDS1 (2011–2016)	NDS2 (2018–2022)	NDS3 (2024–2030)
Economic Diversification	- Institutional capacity - Infrastructure as key enabler	- Private sector involvement - Regulatory reform	- Knowledge-based economy - High-value sectors - Technology and innovation
Sustainability	- Efficient resource use - Sustainable infrastructure	- Environmental sustainability - Biodiversity protection - Balancing growth and environmental goals	- Energy consumption reforms - Emission reductions - Circular economy initiatives
Human Capital Development	- Education and labor market reforms - Productivity and skills development - Public sector education reforms	- Reduce reliance on low-skilled labor - Training and skill enhancement	- Ready for digital economy and global competition - Upskilling and entrepreneurship
Driver of Growth	- Public sector-driven initiatives - Support national industries	- Economic diversification - Public-Private Partnerships (PPP) - Infrastructure that support private sector	- High-value sectors - Business-friendly reforms - High-skilled labor force and knowledge
Infrastructure Development	- Housing projects - Roads, ports, airport development - Public sector-led projects	- FIFA World Cup 2022 preparation - Large-scale investments in transportation - ICT infrastructure for knowledge economy	- Renewable energy integration - Environmentally conscious construction - Sustainable, digital infrastructure for smart economy
Source: IMF staff calculations.			

Annex II. External Sector Assessment

Overall Assessment: Qatar's external position moderated in 2023 and was assessed to be moderately stronger than the level implied by medium-term fundamentals and desirable policies. Tourism remained robust and fiscal prudence was maintained, but hydrocarbon prices normalized and exports declined. In 2024H1, tourism continued to be strong, but hydrocarbon export volume remained weaker than historical levels, capping the current account surplus. In the medium term, hydrocarbon prices are projected to progressively decline but export volume is set to increase owing to a significant ramp up in LNG production in the pipeline. As domestic demand recovers, imports are expected to strengthen. On balance, the current account gap is expected to continue narrowing.

Potential Policy Responses: Structural reforms to enhance productivity and competitiveness, as envisaged under NDS3 and the QNV 2030, would help raise private investment and reduce the saving-investment gap. Fiscal prudence should be preserved, revenue diversification toward non-hydrocarbon sources accelerated, and spending reoriented to support the reform agenda. These factors will reduce the current gap and help align the external position in the medium term.

Foreign Assets and Liabilities: Position and Trajectory

Background¹. Central bank reserve accumulation was modest as the current account surplus narrowed and large asset acquisition abroad continued, including by the sovereign wealth fund (QIA). On the liabilities side, external debt declined somewhat in nominal terms due mainly to repayment of government debt but rose from 116 percent of GDP in 2022 to 123 percent of GDP in 2023 as nominal GDP shrank more. Central bank reserves stood at US\$53.8 billion in November 2024, up US\$2 billion from 2023.

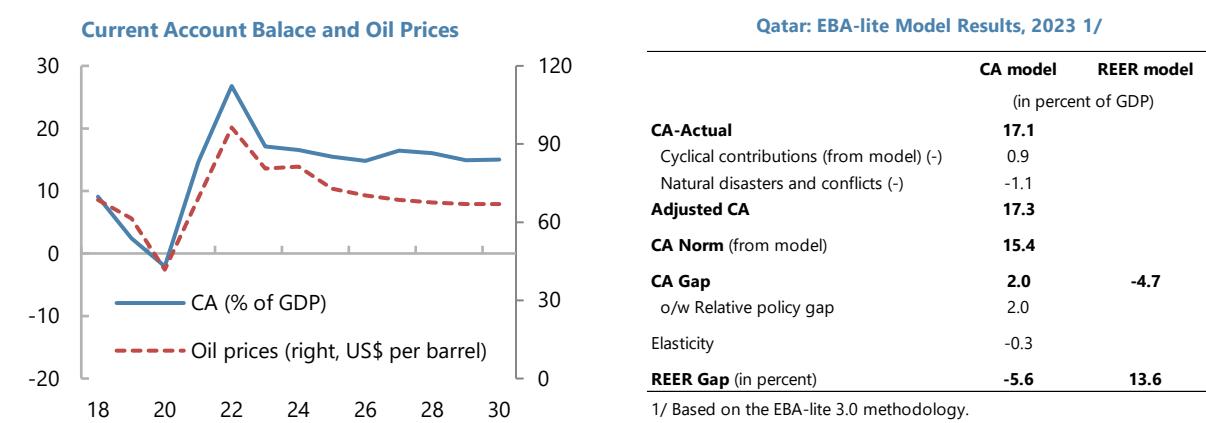
Assessment. On the asset side, QCB's foreign reserves and sizeable QIA foreign assets together are estimated to have exceeded 200 percent of GDP in 2023—they will continue to be supported by the projected current account surpluses over the medium term. On the liabilities side, a moderate level of external public debt contributes to strong overall fiscal debt sustainability (Annex IV. Fiscal and Debt Sustainability Assessment). Commercial banks' external liability remained broadly unchanged, leaving the net foreign liability relatively large.

2023 (% GDP)	NIIIP: NA	Gross Assets: NA	QCB Res. Assets: 24.2	Gross Liab.: NA	Debt Liab.: 123
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Current Account

Background. The current account surplus fell from a decade high in 2022, by nearly 10 percentage points of GDP to 17 percent of GDP in 2023. Hydrocarbon prices normalized and in late-2023 hydrocarbon export volume declined amid the regional conflict. Tourism remained strong while both imports and remittance outflows declined (normalizing after the 2022 FIFA World Cup). In 2024H1, the current account surplus remained little changed from 2023H1 (US\$20 billion). Hydrocarbon exports continued to edge lower and imports increased as growth started to rebound but tourism remained strong. The current account surplus is thus expected to abate somewhat to 16½ percent of GDP in 2024 and remain at around 15½ percent of GDP in the medium-term buoyed by the LNG production expansion in the North Field and relatively high, albeit gradually falling, hydrocarbon prices.

Assessment. Staff assesses the 2023 external position to be moderately stronger than the level implied by fundamentals and desirable policies, based on the External Balance Assessment (EBA-Lite) regression model that yields a positive CA gap of 2.0 percent of GDP (text table). The REER regression model, which suggests a negative CA gap (-4.7 percent of GDP), was deemed less suitable for Qatar given its currency peg. Qatar's significant reliance on hydrocarbons complicates the application of standard external assessment methodologies, given the large hydrocarbon price volatility in 2020–22 and more recent export volume volatility. Some of the volatility is captured by the adjustments for cyclical contributions and conflicts (0.9 percent and -1.1 percent of GDP, respectively). As the current account surplus is projected to moderate further in 2024, the CA gap is expected to narrow, aligning the external position more with the level implied by fundamentals and desirable policies.

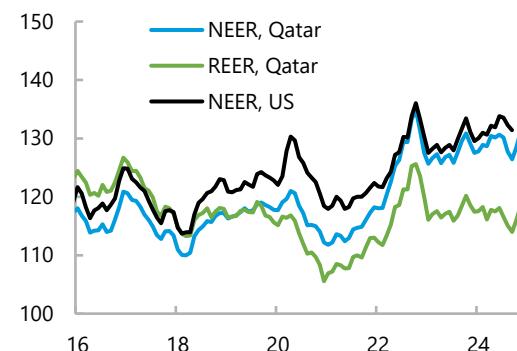


Real Exchange Rate

Background. The Riyal has been pegged to the U.S. dollar at 3.64 since July 2001. Qatar's nominal effective exchange rate (NEER) appreciated by 1 percent, similar to the US's. Qatar's real effective exchange rate (REER) weakened by 1 percent in 2023 as the nation's inflation was below its trading partners'. In 2024 through November, REER depreciated somewhat from the same period in 2023.

Assessment. With large reliance on hydrocarbon exports priced in U.S. dollars and elastic supply of expatriate labor, the impact of REER performance on Qatar's competitiveness is limited. Based on the estimated CA gap of 2.0 and an elasticity of 0.3, staff assesses REER as undervalued by 5.6 percent. The EBA-lite REER model suggests an overvaluation of 13.6 percent.

Effective Exchange Rates (2010 average = 100)



Capital and Financial Accounts: Flows and Policy Measures

Background. The capital and financial account weakened in 2023. The composition shifted notably. Net portfolio outflows rose by nearly 10 percentage points of GDP to 15 percent of GDP, driven by portfolio investments abroad (11 percent of GDP). In contrast, net other investment outflows declined by 16 percentage points to 1 percent of GDP. Overseas investment declined and net reduction in liabilities mostly by commercial banks following the introduction of QCB measures, moderated. In 2024Q2, net portfolio outflows abated while net incurrence of other investment liabilities resumed.

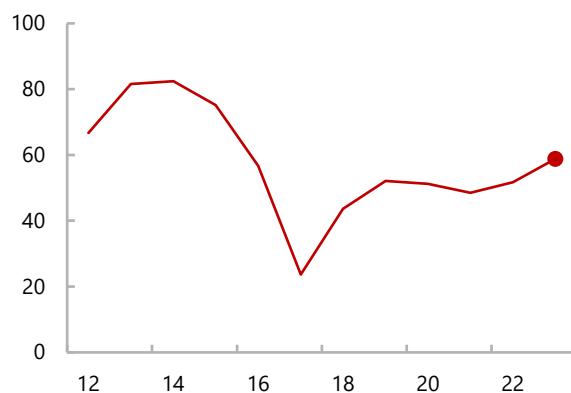
Assessment. A lack of detailed information on the nature of financial flows complicates the analysis of Qatar's financial account. The strong foreign asset position, including the QIA's estimated sizable assets, limits risks and vulnerabilities related to capital flows. Declines in commercial banks' foreign liabilities have reduced financial stability risks.

FX Intervention and Reserves Level

Background. The large current account surplus only translated into a moderate increase in central bank foreign reserves in 2023, by US\$4 billion to reach US\$51.5 billion, equivalent to 24 percent of GDP, 7.8 months of prospective imports, 196 percent of short-term external debt, and an estimated 59 percent of the IMF's reserve adequacy metric (ARA, up from 52 percent in 2022)². Much of the current account surplus was estimated to have been invested by the QIA overseas. In 2024H1, foreign reserve accumulation (\$1 billion) remained more modest than implied by the size of the current account surplus (US\$20 billion).

Assessment. Qatar's "overall" FX reserve coverage was adequate in 2023. QCB foreign reserves are complemented by large foreign assets held by the QIA, estimated at 220 percent of GDP in 2023. Together, they account for about 600 percent of the ARA metric, significantly above the 100 percent adequacy benchmark.

Central Bank Foreign Reserves
(Percent of IMF ARA metric)



¹The authorities face capacity constraints to provide comprehensive IIP data.

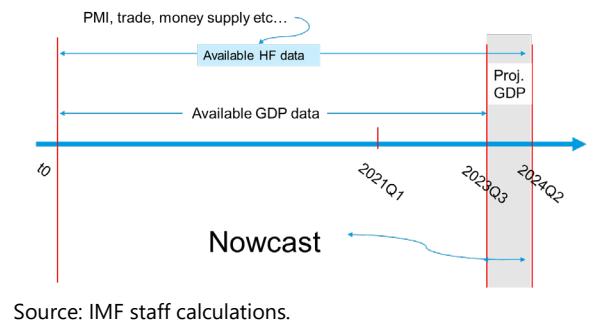
²The ARA is a composite metric that measures the adequacy of precautionary reserves. It is based on the relative risk weights for each source of foreign exchange drain drawing on the 10th percentile of observed outflows from emerging market economies during exchange market pressure episodes. Reserves in the range of 100–150 percent of the composite metric are considered broadly adequate for precautionary purposes.

Annex III. Nowcasting of Non-hydrocarbon GDP Growth in Qatar

This Annex applies nowcasting, which has been widely used for near-term growth projections, to Qatar's real non-hydrocarbon output growth, with several innovations. Results fit historical data well and point to a gradual recovery from the post-World Cup growth trough. A few caveats related to the machine-learning approach for nowcasting are also discussed.

1. Nowcasting generates real-time forecasts for key economic indicators where the official data may be unavailable or delayed by analyzing high-frequency macroeconomic indicators. For example, Qatar publishes GDP data with a lag of around 2-3 quarters, while policy makers and businesses may need a more timely assessment of the economy to inform policy and business decisions—nowcasting is an effective tool to fill the gap. This technique is particularly suitable where high-frequency indicators are abundant and published timely, as in the case of Qatar. Nowcasting models are also highly adaptable—they can be updated regularly with new data, ensuring that the estimates remain relevant and accurate amidst changing economic conditions.

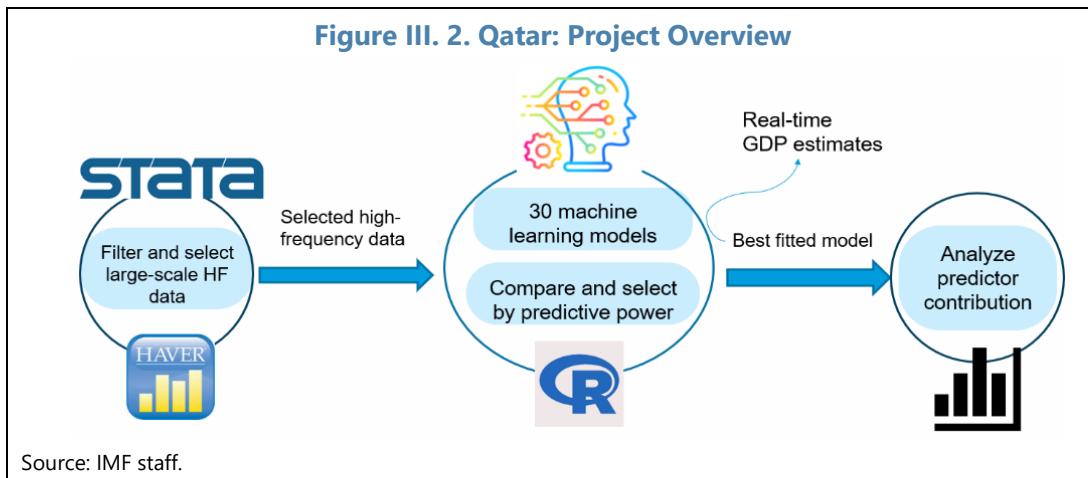
Figure III.1. Qatar: Nowcasting Concept



2. A nowcasting model for Qatar's non-hydrocarbon economy is developed, based on previous IMF work (Barhoumi, Karim, et al. 2022, Akbal, Faruk, et al. 2023), following the steps below:

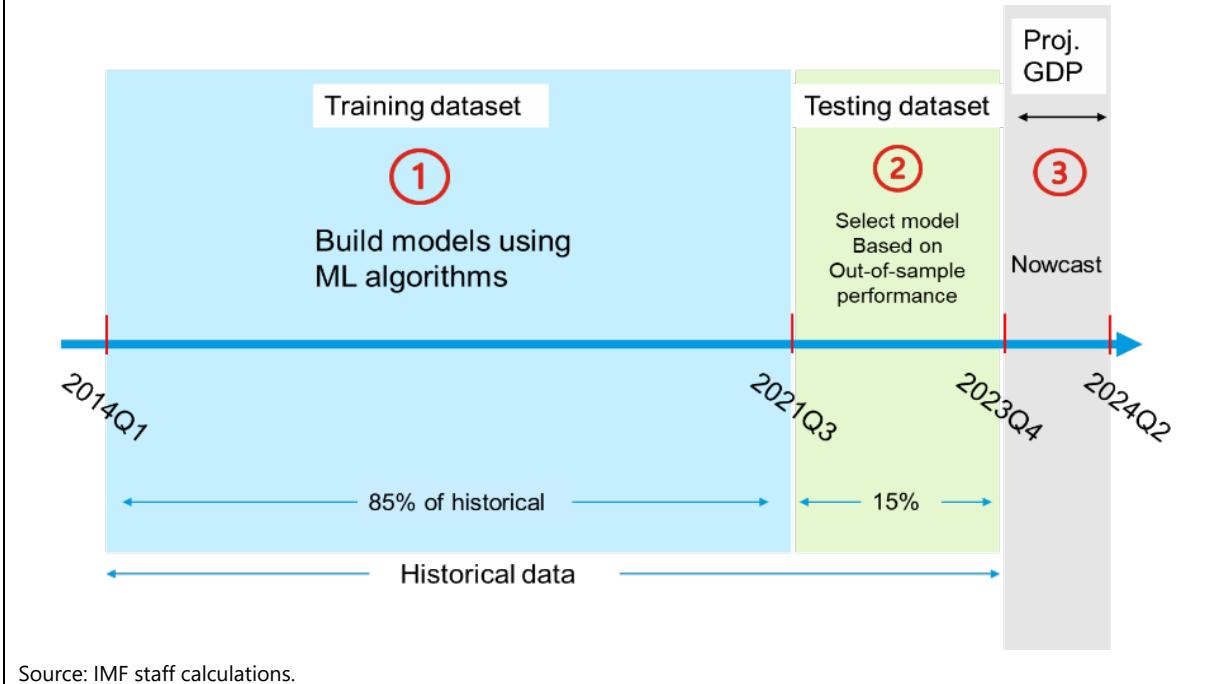
- **Select predictive variables.** A wide range of economic and financial indicators are selected to capture domestic, regional and global conditions that could affect Qatar's non-hydrocarbon economy. These variables are chosen based on criteria such as predictive power (i.e., suggested by the pairwise correlation between the predictive variable and Qatar's non-hydrocarbon GDP), data availability, and minimal lag time. A balance is maintained between the number of predictors and the size of the training data (used to fit nowcasting models with historical trends) to avoid overfitting – a situation where the model is too "tailored" to the training data and fails to generalize to other situations, leading to inaccurate predictions.
- **Select nowcasting models.** The selected time series data are processed through advanced machine learning algorithms (see below). A variety of models, including Support Vector Machines (SVMs), Random Forests, and Elastic Net, are trained by historical data. Each model's performance is evaluated using a range of metrics (e.g., out-of-sample root-mean-squared error (RMSE)), and the best-performing models are selected for further analysis.
- **Identify contributions of predictive variables.** Shapley decomposition is applied to break down the contribution of each variable to the nowcast results. This method allows us to pinpoint

which variables have the most significant impact on the model's predictions. By identifying the key drivers, we can refine and iterate on the model to improve accuracy and reliability over time.



3. A few innovations have been introduced to Qatar's nowcasting framework to optimize the variable and model selections:

- **A big data approach in variable selection** is developed to enhance the coverage of potential predictors of economic growth and reduces the lag between real-world events and nowcasts. Unlike traditional methods that select variables based on specific economic theories, this approach collects a large number of variables including those that are unconventional in economic analysis, and evaluates their correlations with Qatar's non-hydrocarbon GDP. Specifically, a Stata program is developed to scrape the Haver and CEIC databases, identifying relevant keywords in millions of data series. The keywords target data specific to Qatar and its key trading partners. The program chooses 1,300 Qatar-specific series and 1,200 series related to Qatar's trading partners for further selection. For the 2,500 variables, pairwise correlations are run against Qatar's non-hydrocarbon GDP. Those with the highest correlations (both positive and negative) are kept. Judgement based on economic theories and knowledge of the Qatari economy is then applied to ensure balanced sectoral coverage, narrowing the final pool to 13 variables. Further refinements of variable selection can be done by conducting Shapley decomposition of nowcasting results to identify contributions from different predicated variables and iterate with alternative variables.
- **Machine learning (ML) models are applied to handle large and complex datasets.** Unlike traditional methods such as statistical models and surveys, ML models allow for better integration of complex, non-linear relationships between economic variables that ARIMA models might miss due to their linear structure and reliance on smaller, time-series data. ML models can also adapt to changing patterns in data more efficiently than statistical models. They can learn from outliers, non-stationarity, and other irregularities, potentially yielding more accurate and timelier GDP nowcasts.

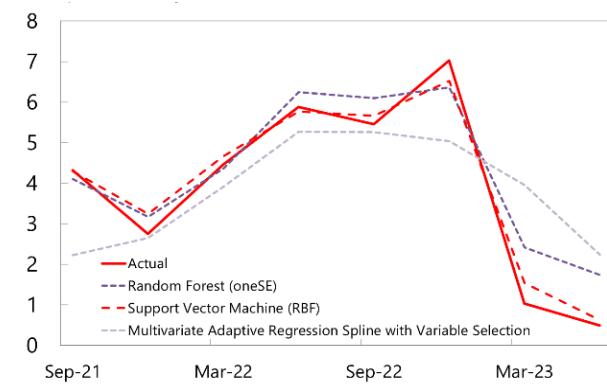
Figure III. 3. Qatar: Machine Learning Process for Qatar

4. Qatar's nowcasting results, which fit historical data well, point to a gradual recovery from the post-World Cup growth

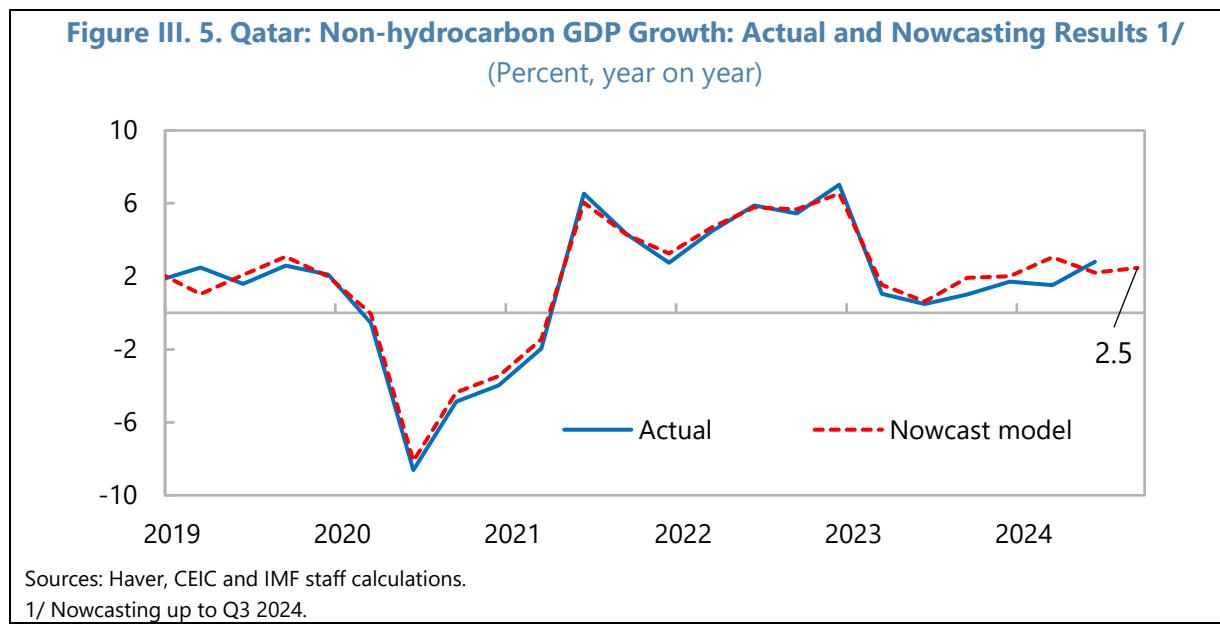
normalization. Various nowcasting models are compared based on their out-of-sample forecast performances (Figure 4).

The Support Vector Machine (RBF) model, with the lowest RMSE, proves to be the most effective one for Qatar's non-hydrocarbon GDP growth prediction. An average RMSE of 1.4 across the best models indicates Qatar's nowcasting framework performs comparably to those for regional peers (see Korniyenko et al., 2023). Figure 5 shows the overall fit of the model up to 2023Q4 and the nowcasting results up to 2024Q3, which point to a gradual recovery from the post-World Cup

growth trough. Table 1 provides a list of variables used in the final Qatar model. Nine of the variables are Qatar-specific, covering the real sector (e.g., inflation and oil activities), external sector (e.g., export oil price to China), and financial sector (e.g., 3-month deposit rate and credit facilities). The remaining 4 series capture economic activities in Qatar's key trading partners.

Figure III. 4. Qatar: Model Selection
(Out of sample performance)

Source: IMF staff calculations.



5. While a useful tool, the ML-based nowcasting framework comes with caveats. ML models are primarily focused on identifying statistical patterns in the dataset. The variable and model selections aim to maximize predictive power, and the results (including contributions from variables) should not be interpreted in the same way as in regression analysis, which is usually based on economic theories.

Table III. 1. Qatar: List of Predictive Variables	
Qatar Specific	
Real Sector	
Qatar: Consumer Price Index (NSA, 2018=100)	
Qatar: Oil Rig Count (BHGE)	
Monetary and Financial Sector	
Qatar: M1: Currency in Circulation	
Qatar: 3 Months Deposit Rate	
Qatari Banks: Liabilities to Qatar Central Bank	
Qatar Stock Exchange: Shares Traded in Real Estate	
External Sector	
Qatar: Export Oil Price to China	
Qatar: Imports of Motor Vehicle from Japan	
Qatar: Exports to Japan (JPY Bn)	
Trading Partners	
Saudi Arabia: Imports (NSA, Mil. Riyals)	
U.S.: Consumer Credit Outstanding (NSA, EOP, Bil.\$)	
Dubai PMI: Total Economy Output	
India PMI: Services Employment	
Source: IMF staff calculations.	

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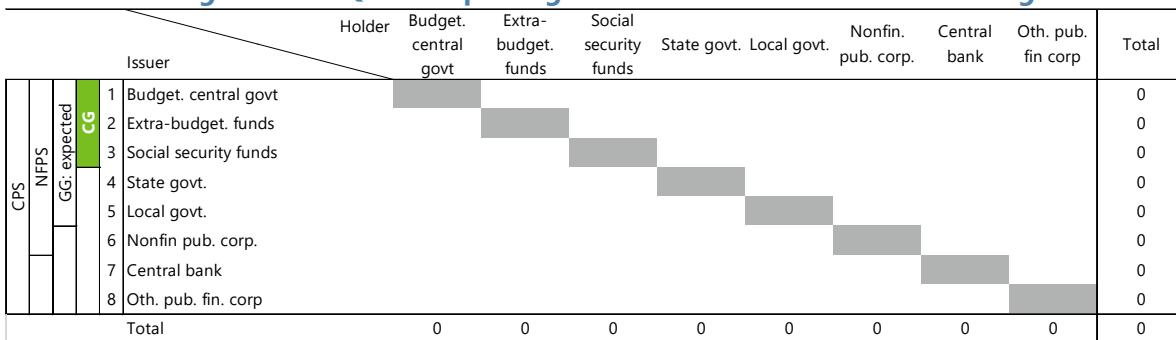
Annex IV. Fiscal and Debt Sustainability Assessment

Figure IV. 1. Qatar: Risk of Sovereign Stress

Horizon	Mechanical signal	Final assessment	Comments
Overall	...	Low	The overall risk of sovereign stress is low, reflecting a low level of vulnerability in the near, medium, and long term.
Near term 1/			
Medium term	Low	Low	Medium-term risks are assessed as low consistent with the mechanical signal. Continued fiscal discipline is assumed, the debt level is expected to decline further, and the QIA holds substantial financial assets.
Fanchart	Low	...	
GFN	Low	...	
Stress test	
Long term	...	Low	Long-term risks are low supported by the QIA's large financial assets, manageable aging-related and social security expenditures, and strong natural gas reserves. As the cleanest fossil fuel, natural gas will likely play a key role for a smoother energy transition relative to fossil fuels with higher emission. Qatar's production cost is low. These together support sizeable revenues over a long term.
Sustainability assessment 2/	Not required for surveillance countries	Sustainable with high probability	Not applicable
Debt stabilization in the baseline			Yes
DSA Summary Assessment			
<p>Commentary: Qatar is at a low overall risk of sovereign stress. Hydrocarbon prices are set to remain relatively high and commitment to, and the recent track record of, fiscal discipline support low fiscal and debt risk. The large reserves of natural gas, cleaner than other brown coal fossil fuels, is likely to play a key role in a smoother energy transition, and strong financial buffers (including from the sovereign wealth fund, QIA) can provide support if downside risks materialize. The projected non-hydrocarbon primary balance (NHPB) is broadly consistent with the benchmark guided by the Permanent Income Hypothesis (PIH) in the long term (see the main text of the Staff Report). The authorities are in the process of producing own actuarial studies on the sustainability of the pension system.</p>			
<p>Source: Fund staff. Note: The risk of sovereign stress is a broader concept than debt sustainability. Unsustainable debt can only be resolved through exceptional measures (such as debt restructuring). In contrast, a sovereign can face stress without its debt necessarily being unsustainable, and there can be various measures—that do not involve a debt restructuring—to remedy such a situation, such as fiscal adjustment and new financing. 1/ The near-term assessment is not applicable in cases where there is a disbursing IMF arrangement. In surveillance-only cases or in cases with precautionary IMF arrangements, the near-term assessment is performed but not published. 2/ A debt sustainability assessment is optional for surveillance-only cases and mandatory in cases where there is a Fund arrangement. The mechanical signal of the debt sustainability assessment is deleted before publication. In surveillance-only cases or cases with IMF arrangements with normal access, the qualifier indicating probability of sustainable debt ("with high probability" or "but not with high probability") is deleted before publication.</p>			

Figure IV. 2. Qatar: Debt Coverage and Disclosures

					Comments
1. Debt coverage in the DSA: 1/	CG	GG	NFPS	CPS	Other
1a. If central government, are non-central government entities insignificant?					No
2. Subsectors included in the chosen coverage in (1) above:					
Subsectors captured in the baseline					Inclusion
1 Budgetary central government					Yes
2 Extra budgetary funds (EBFs)					No
3 Social security funds (SSFs)					No
4 State governments					No
5 Local governments					No
6 Public nonfinancial corporations					No
7 Central bank					No
8 Other public financial corporations					No
3. Instrument coverage:	Currency & deposits	Loans	Debt securities	Oth accts. payable 2/	IPSGSs 3/
4. Accounting principles:	Basis of recording		Valuation of debt stock		
	Non-cash basis 4/	Cash basis	Nominal value 5/	Face value 6/	Market value 7/
5. Debt consolidation across sectors:	Consolidated		Non-consolidated		
Color code:	chosen coverage	Missing from recommended coverage	Not applicable		

Figure IV. 3. Qatar: Reporting on Intra-Government Debt Holdings

1/ CG=Central government; GG=General government; NFPS=Nonfinancial public sector; PS=Public sector.

2/ Stock of arrears could be used as a proxy in the absence of accrual data on other accounts payable.

3/ Insurance, Pension, and Standardized Guarantee Schemes, typically including government employee pension liabilities.

4/ Includes accrual recording, commitment basis, due for payment, etc.

5/ Nominal value at any moment in time is the amount the debtor owes to the creditor. It reflects the value of the instrument at creation and subsequent economic flows (such as transactions, exchange rate, and other valuation changes other than market price changes, and other volume changes).

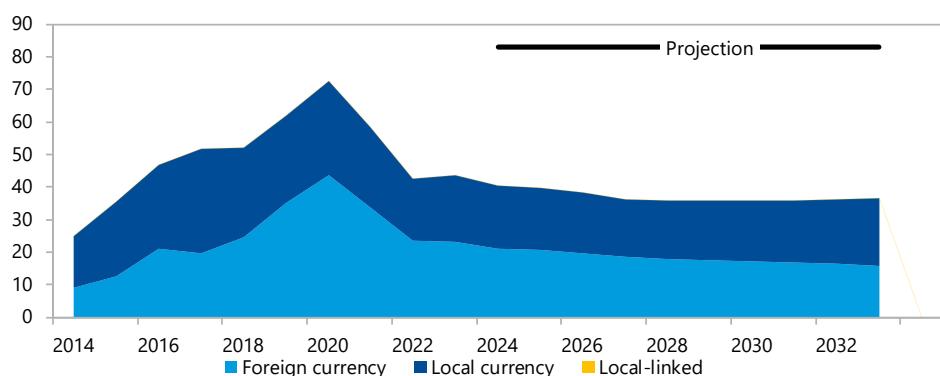
6/ The face value of a debt instrument is the undiscounted amount of principal to be paid at (or before) maturity.

7/ Market value of debt instruments is the value as if they were acquired in market transactions on the balance sheet reporting date (reference date). Only traded debt securities have observed market values.

Commentary: The fiscal data cover the central government. Staff continues to encourage the authorities that the coverage be expanded to include the broader public sector and the QIA.

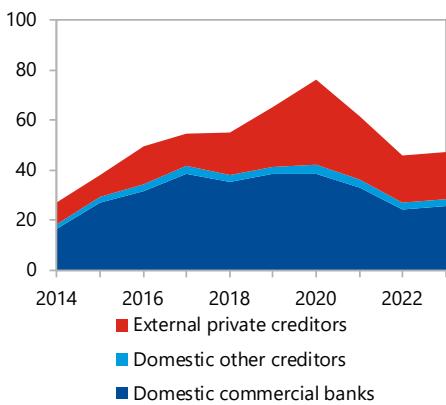
Figure IV. 4. Qatar: Public Debt Structure Indicators

Debt by Currency (Percent of GDP)



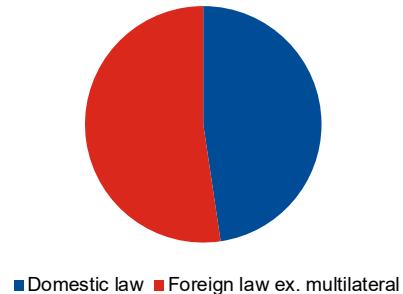
Note: The perimeter shown is central government.

Public Debt by Holder (Percent of GDP)



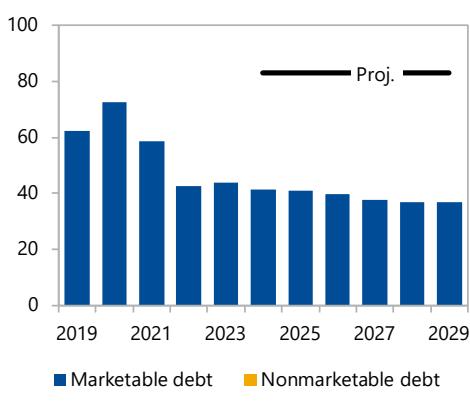
Note: The perimeter shown is general government.

Public Debt by Governing Law, 2023 (percent)



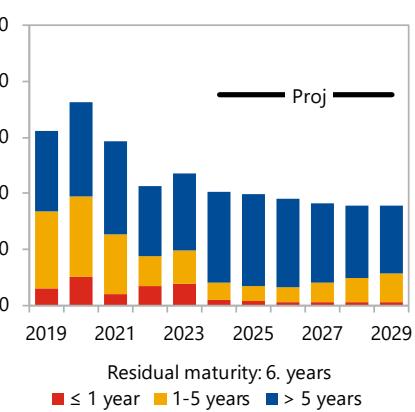
Note: The perimeter shown is general government.

Debt by Instruments (Percent of GDP)



Note: The perimeter shown is general government.

Public Debt by Maturity (Percent of GDP)



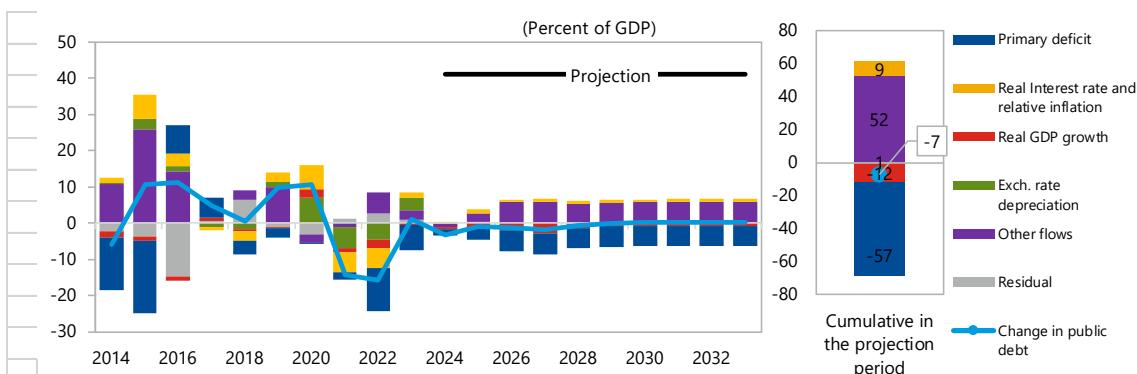
Note: The perimeter shown is general government.

Commentary: The authorities target the debt to GDP ratio of below 40 percent and the mix of local and external debt of broadly 50/50, and eventually 60/40.

Figure IV. 5. Qatar: Baseline Scenario

(Percent of GDP unless indicated otherwise)

	Actual 2023	Medium-term projection						Extended projection			
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Public debt	43.7	40.5	39.6	38.3	36.3	35.8	35.7	35.8	36.0	36.2	36.5
Change in public debt	1.1	-3.2	-0.9	-1.4	-1.9	-0.6	-0.1	0.1	0.2	0.2	0.2
Contribution of identified flows	0.3	-3.0	-1.2	-1.3	-2.0	-0.5	0.2	-0.1	0.0	0.0	0.0
Primary deficit	-7.0	-1.6	-3.7	-5.9	-5.8	-5.4	-5.7	-5.7	-5.7	-5.7	-5.7
Noninterest revenues	32.8	26.2	28.7	30.2	28.8	28.2	28.5	28.5	28.5	28.5	28.5
Noninterest expenditures	25.8	24.6	25.0	24.3	23.0	22.8	22.8	22.8	22.8	22.8	22.8
Automatic debt dynamics	4.5	-0.6	0.1	-1.2	-1.9	-0.3	0.3	0.1	0.1	0.1	0.2
Real interest rate and relative inflation	1.4	0.2	1.1	0.8	0.9	0.9	0.8	0.8	0.8	0.8	0.9
Real interest rate	5.0	0.0	1.6	0.9	1.2	1.1	0.9	0.8	0.8	0.8	0.9
Relative inflation	-3.6	0.2	-0.5	-0.1	-0.3	-0.2	-0.1	0.0	0.0	0.0	0.0
Real growth rate	-0.5	-0.7	-1.0	-2.0	-2.8	-1.2	-0.6	-0.7	-0.7	-0.7	-0.7
Real exchange rate	3.6
Other identified flows	2.7	-0.8	2.4	5.8	5.7	5.3	5.6	5.6	5.6	5.6	5.6
Contingent liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(minus) Interest Revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transactions	2.8	-0.8	2.4	5.8	5.7	5.3	5.6	5.6	5.6	5.6	5.6
Contribution of residual	0.8	-0.2	0.3	0.0	0.0	-0.1	-0.2	0.2	0.3	0.2	0.2
Gross financing needs	-2.1	2.9	-0.4	-3.3	-3.4	-2.9	-2.8	-2.2	-1.5	-1.2	-0.7
of which: debt service	4.9	4.5	3.4	2.6	2.4	2.5	2.9	3.5	4.2	4.6	5.0
Local currency	1.7	2.8	2.3	2.1	1.9	2.0	2.4	3.0	3.7	4.0	4.5
Foreign currency	3.2	1.6	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Memo:											
Real GDP growth (percent)	1.2	1.7	2.4	5.2	7.9	3.5	1.6	2.0	2.0	2.0	2.0
Inflation (GDP deflator; percent)	-10.7	3.2	-0.5	1.2	0.4	0.9	1.4	2.0	2.0	2.0	2.0
Nominal GDP growth (percent)	-9.6	4.9	1.9	6.5	8.3	4.4	2.9	4.0	4.0	4.0	4.0
Effective interest rate (percent)	0.0	3.2	3.4	3.6	3.8	3.9	4.1	4.2	4.2	4.3	4.4

Figure IV. 6. Qatar: Contribution to Change in Public Debt

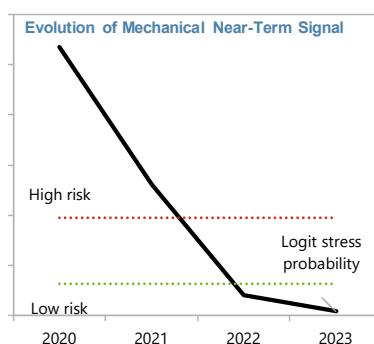
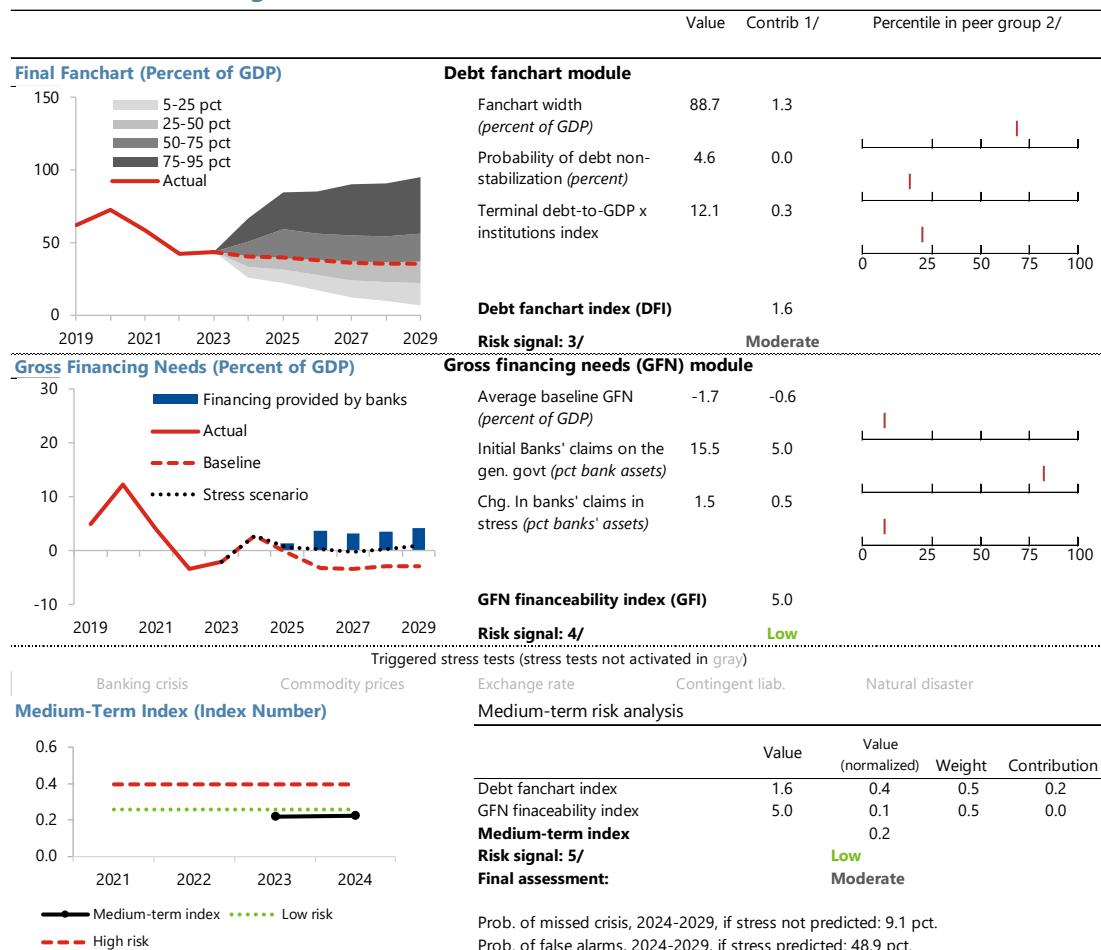
Commentary: The public debt ratio is projected to remain stable reflecting the sizeable primary surplus, stable economic conditions, and the objective of developing the domestic capital market.

Figure IV. 7. Qatar: Near-Term Risk Analysis

Year of data	2020	2021	2022	2023
To predict stress in $[t+1, t+2]$	2021-22	2022-23	2023-24	2024-25
Logit stress probability (LSP)	0.535	0.260	0.040	0.008
Change in LSP	0.369	-0.275	-0.220	-0.032
due to:				
Institutional quality	-0.035	-0.026	-0.003	0.000
Stress history	0.000	0.000	0.000	0.000
Cyclical position	0.236	0.354	-0.241	-0.031
Debt burden & buffers	0.022	-0.339	-0.034	0.015
Global conditions	0.162	-0.272	0.073	-0.013

Prob. of missed crisis, 2024-2025 (if stress not predicted): 0.0 pct.
Prob. of false alarm, 2024-2025 (if stress predicted): 83.1 pct.

Commentary: Near-term risks are assessed to be low.

**Figure IV. 8. Qatar: Medium-Term Risk Assessment**

Source: IMF staff estimates and projections.

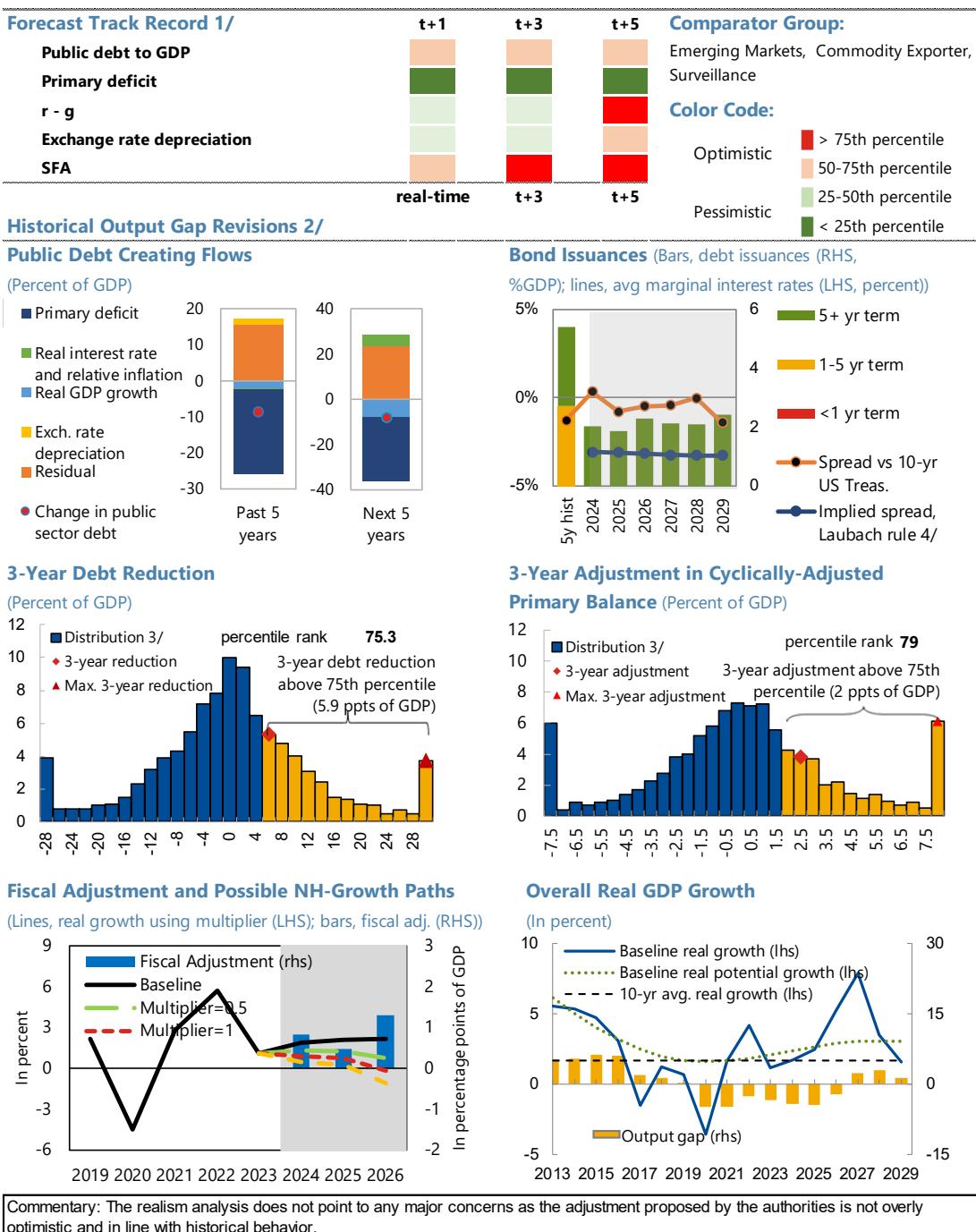
1/ See Annex IV of IMF, 2022, Staff Guidance Note on the Sovereign Risk and Debt Sustainability Framework for details on index calculation.

2/ The comparison group is emerging markets, commodity exporter, surveillance.

3/ The signal is low risk if the DFI is below 1.13; high risk if the DFI is above 2.08; and otherwise, it is moderate risk.

4/ The signal is low risk if the GFI is below 7.6; high risk if the GFI is above 17.9; and otherwise, it is moderate risk.

5/ The signal is low risk if the GFI is below 0.26; high risk if the GFI is above 0.40; and otherwise, it is moderate risk.

Figure IV. 9. Qatar: Realism of Baseline Assumptions

Source : IMF Staff.

1/ Projections made in the October and April WEO vintage.

2/ Calculated as the percentile rank of the country's output gap revisions (defined as the difference between real time/period ahead estimates).

3/ Data cover annual observations from 1990 to 2019 for MAC advanced and emerging economies. Percent of sample on vertical axis.

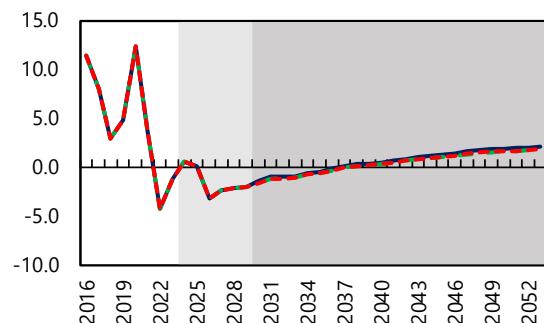
4/ The Laubach (2009) rule is a linear rule assuming bond spreads increase by about 4 bps in response to a 1 ppt increase in the projected debt-to-GDP ratio.

Figure IV. 10. Qatar: Triggered Modules

Large amortizations	Pensions	Climate change: Adaptation	Natural Resources
	Health	Climate change: Mitigation	

Figure IV. 11. Qatar: Long-Term Risk Assessment: Large Amortization

Projection	Variable	Risk Indication
Medium-term extrapolation	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Medium-term extrapolation with debt stabilizing primary balance	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Historical average assumptions	GFN-to-GDP ratio	
	Amortization-to-GDP ratio	
	Amortization	
Overall Risk Indication		

GFN-to-GDP Ratio

Legend:

- Long run projection
- Projection
- Baseline with t+5
- Baseline with t+5 and DSPB
- Historical 10-year average

Total Public Debt-to-GDP Ratio

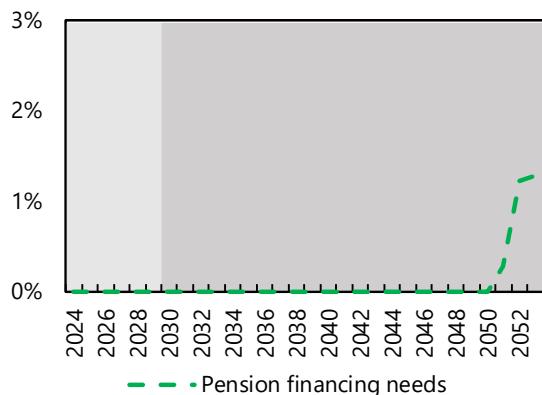
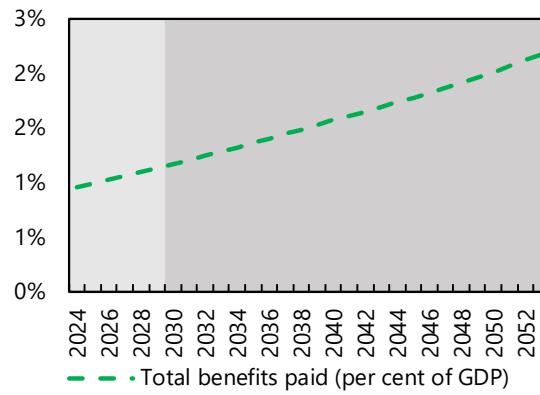
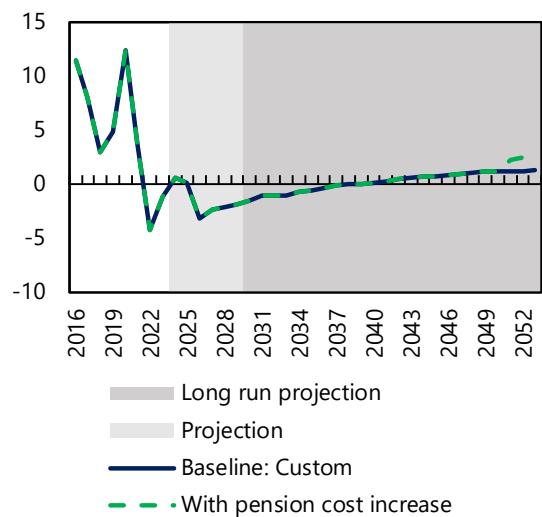
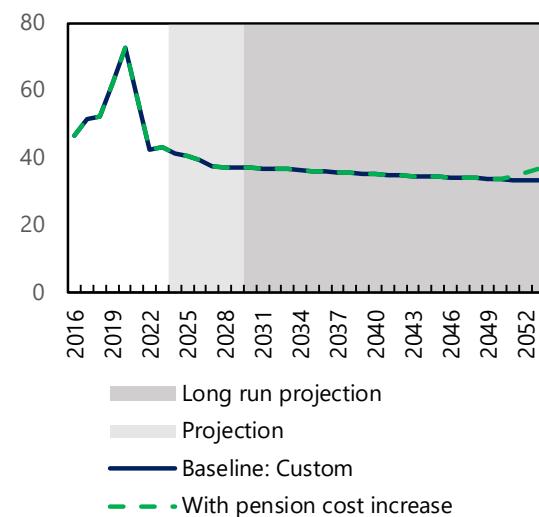
Legend:

- Long run projection
- Projection
- Baseline with t+5
- Baseline with t+5 and DSPB
- Historical 10-year average

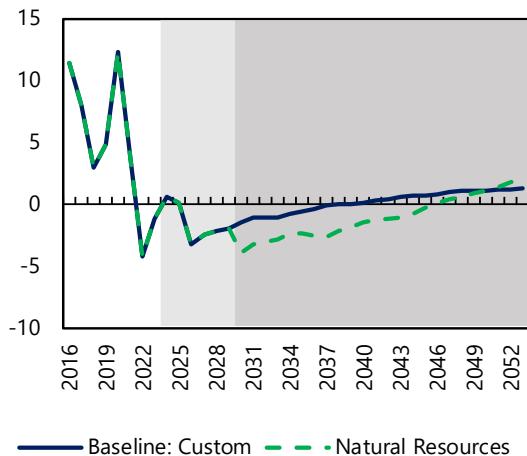
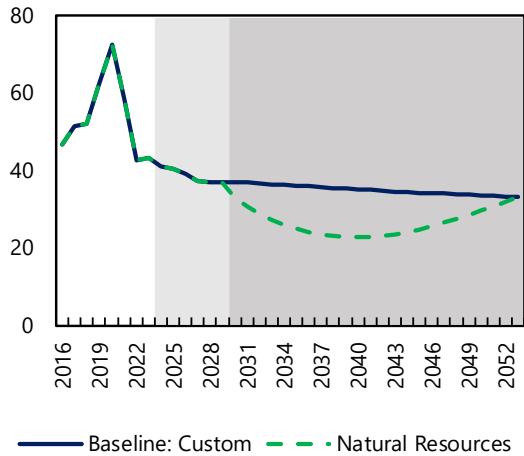
Commentary: Staff assesses that risks related to large amortization are low, consistent with the mechanical overall risk indication. The baseline path suggests that the debt ratio would remain low and stable, consistent with staff's separate analysis of the PIH benchmark to ensure intergenerational equity in the long run, discussed in the main text of this Staff Report.

Figure IV. 12. Qatar: Demographics: Pensions

Permanent adjustment needed in the pension system to keep pension assets positive for:	30 years	50 years	Until 2100
(pp of GDP per year)	0.1%	0.7%	1.2%

Pension Financing Needs**Total Benefits Paid****GFn-to-GDP Ratio****Total Public Debt-to-GDP Ratio**

Commentary: Staff assesses that risks from pension financing needs are low. The pension system covers Qatari nationals, around 10% of Qatar's total population. Key revisions made in 2023 enhanced the system's sustainability. The authorities plan to conduct and publish own sustainability study.

Figure IV. 13. Qatar: Natural Resources**GFN-to-GDP Ratio****Total Public Debt-to-GDP Ratio**

Commentary: Staff assesses that risks from slower production of natural gas than under the baseline to maintain reserves would have limited risks to the debt ratio.

Annex V. Risk Assessment Matrix¹

Source of Risk and Likelihood	Expected Impact if Risk is Realized		Policy Response
Global Risks			
High	Medium		
Intensification of regional conflict(s). Escalation or spread of the conflict in Gaza and Israel, Russia's war in Ukraine, and/or other regional conflicts or terrorism disrupt trade (e.g., energy, food, tourism, supply chains), remittances, FDI and financial flows, and payment systems, and lead to refugee flows.	The impact would depend on the nature of the event. The shock could translate into higher global hydrocarbon prices, but there is also the risk of LNG export disruption—the overall impact on Qatar is highly uncertain. Intensification of regional conflict(s) could also weaken investor confidence and disrupt supply chain, tourism, and capital flows.	The policy response would depend on the nature of the shock. Qatar has fiscal space to respond to a negative shock. The central bank should provide adequate liquidity in the banking system if needed. Continue to closely monitor financial institutions.	
Commodity price volatility. Supply and demand fluctuations (e.g., due to conflicts, export restrictions, OPEC+ decisions, and green transition) cause recurrent commodity price volatility, external and fiscal pressures and food insecurity in EMDEs, cross-border spillovers, and social and economic instability.	Qatar's ongoing LNG production expansion will raise the economy's sensitivity to energy price volatility. Higher-than-projected energy prices could strengthen fiscal and external positions, and non-hydrocarbon output growth as ample hydrocarbon liquidity and positive private sector confidence could boost consumption and investment. Pressures to increase public spending could rise. Lower oil prices would weaken the external and fiscal balances, and growth.	The authorities should implement a medium-term fiscal framework which helps insulate public spending from oil price volatility. Diversifying the revenue base toward more non-hydrocarbon sources would reduce revenue sensitivity to energy price volatility. Accelerate structural reforms to advance economic diversification.	
Medium	Medium		
Global growth downside surprise. Growth slowdown in major economies, including due to supply disruptions, tight monetary policy, rising corporate bankruptcies, or a deeper-than-envisioned real estate sector contraction, with adverse spillovers through trade and financial channels, triggering sudden stops in some EMDEs. (Low probability is assigned to surprise acceleration in global growth).	Lower external demand reduces hydrocarbon export prices, weakening fiscal and external positions which are currently strong. Slower global growth would also weigh on domestic growth, affecting banking sector asset quality. Global financial market corrections may lead to capital outflows and increase financial stability risks, including due to banks' still sizeable exposure to foreign funding.	Qatar has fiscal space to respond to a major growth slowdown. Fiscal policy should be anchored in a medium-term framework to reduce the risk of procyclicity. Continue to closely monitor banking sector developments to maintain financial stability. Accelerate structural reforms to boost economic diversification and non-hydrocarbon potential output.	
Medium	Low		
Monetary policy calibration. Amid elevated uncertainty and data surprises, monetary policy stances in major countries turn out to be too loose, hindering disinflation, or too tight for too long than warranted, stifling growth domestically and globally, and increasing capital flow and exchange rate volatility in EMDEs.	Consistent with the exchange rate peg, monetary policy in Qatar would closely follow that of the U.S. As domestic inflationary pressure remains low and growth continues to normalize from the World Cup-driven boom, the risk that a too loose monetary stance could de-anchor inflation expectations is limited. On the other hand, a monetary stance too tight for too long than warranted could negatively affect demand, but the ongoing public investment and spillovers from the North Field LNG expansion will support growth.	Maintain monetary policy and liquidity management that are consistent with the currency peg. Continue to closely monitor banking sector developments to ensure financial stability. If growth is negatively affected by unduly tight (imported) monetary policy stance, some fiscal space could be deployed to provide targeted support while maintaining broad fiscal prudence.	
Medium	Low		
Systemic financial instability. High interest rates and risk premia, and sudden asset repricing amid economic slowdowns and policy uncertainty (including from elections) trigger market dislocations, with cross-border spillovers and an adverse macro-financial feedback loop putting weak banks and NBFI under pressure.	Tighter global financial conditions would increase debt service and financing costs, and increase the liquidity risk for domestic banks reliant on foreign funding as banks' net foreign liabilities remain relatively high. Such risks are however mitigated by Qatar's large financial buffers, favorable market access, high sovereign credit ratings, and banks' reduced exposure to nonresident deposits.	Maintain prudent financial sector policy and closely monitor risks and vulnerabilities related to financial institutions, including through stress tests and thematic inspections. Provide liquidity to the financial system if needed, compatible with the currency peg.	

¹ The Risk Assessment Matrix (RAM) shows events that could materially alter the baseline path. The relative likelihood is the staff's subjective assessment of the risks surrounding the baseline ("low" is meant to indicate a probability below 10 percent, "medium" a probability between 10 and 30 percent, and "high" a probability between 30 and 50 percent). The RAM reflects staff views on the source of risks and overall level of concern as of the time of discussions with the authorities. Non-mutually exclusive risks may interact and materialize jointly.

Source of Risk and Likelihood		Expected Impact if Risk is Realized		Policy Response
Global Risks				
High	Medium			
Deepening geoeconomic fragmentation. Broader conflicts, inward-oriented policies, and weakened international cooperation result in a less efficient configuration of trade and FDI, supply disruptions, protectionism, policy uncertainty, technological and payments systems fragmentation, rising shipping and input costs, financial instability, a fracturing of international monetary system, and lower growth.	Supply disruptions and higher input costs would accelerate inflation. Lower FDI and trade would dampen output growth and the pace of economic diversification. The fiscal and external accounts would benefit if the price of and demand for the nation's natural gas strengthen.			Accelerate fiscal and structural reforms to boost potential non-hydrocarbon output growth, economic diversification, and private investment. Provide targeted support to the most vulnerable against higher inflation. Maintain prudent financial sector policy to ensure financial stability.
Cyberthreats. Cyberattacks on physical or digital infrastructure (including digital currency and crypto assets), technical failures, or misuse of AI technologies trigger financial and economic instability.	As the nation continues to enhance its global visibility and digitalization, cyberthreats have reportedly increased significantly. Cyberattacks would, for instance, lead to financial losses for individuals and businesses, the theft of sensitive information, and disruptions in key operations (businesses, transportation, or power).			Qatar has expanded its capacity to contain cyberthreats by creating the National Cybersecurity Agency in 2021. A National Cybersecurity Strategy 2024-30 has been launched in September 2024 to further enhance legislation, coordinate with the ICT sector, and strike a balance between ensuring cybersecurity and promoting innovation. Effective implementation of the strategy, and continued close monitoring and supervision including of the banking and payment systems are key.
Medium	High			
Climate change. Extreme climate events driven by rising temperatures cause loss of life, damage to infrastructure, food insecurity, supply disruptions, lower growth, and financial instability. A disorderly transition to net-zero emissions and regulatory uncertainty lead to stranded assets and low investment.	Qatar's ecosystem is highly vulnerable to climate shocks. Climate stressors have a significant impact on water, temperature, and sea level. With limited water resources and increasing temperatures, adaptation costs are likely to increase rapidly. Extreme climate events in partner countries could affect Qatar. A disorderly energy transition could affect Qatar's hydrocarbon revenue and hence the fiscal and external positions.			In line with Qatar National Vision 2030, continue working on various initiatives, including renewable energy, green building practices, sustainable transportation, and education and awareness campaigns. The Climate Change Action Plan identifies a number of mitigation and adaptation measures across various sectors (healthcare, biodiversity, water management and infrastructure) to ensure the implementation of the National Environment and Climate Change Strategy and the achievement of key goals including 25 percent reduction in GHG emissions by 2030.
Domestic Risks				
Medium	Medium			
Real estate market weakness. Property prices remain weak amid oversupply, negatively affecting the banking system and the broader economy.	Bank asset quality could weaken, and the construction sector would come under pressure, potentially dampening credit and non-hydrocarbon output growth. On the other hand, banks' exposure to the real estate market is well provisioned. Policy measures were also introduced in 2023 to monitor and mitigate risks associated with the real estate market.			Leverage the ongoing effort to step up surveillance of the property sector. Monitor risks to the banking sector closely and recognize NPLs promptly. Maintain strong banking sector capital buffers, liquidity and provisioning to mitigate the impact. Formalize financial safety net. Qatar has fiscal space to help contain threat to macroeconomic and financial stability.
Medium	Medium			
Uncertainty surrounding the implementation of the Third National Development Strategy. Risks are two sided. On the upside, implementation could be faster, more efficient, and better coordinated than expected. On the downside, insufficient coordination and implementation capacity could lead to resource misallocation and slower progress.	Faster-than-expected implementation would boost medium-term growth more than envisaged. Slower-than-expected implementation would result in weaker-than-envisioned output gains. Resource misallocation would also entail larger fiscal costs.			Properly sequence reforms and enhance inter-agency coordination to ensure appropriate resource allocation and smooth implementation. Regularly monitor and assess progress relative to benchmarks, reassess risks, and recalibrate implementation plans as needed, leveraging the newly established National Planning Council.

Annex VI. Implementation of the 2023 Article IV Recommendations

Recommendations	Status
Fiscal Policy	
The medium-term fiscal strategy should balance sustained fiscal prudence and transformation to a private sector-led economy.	Broad fiscal prudence has been maintained and is expected to be upheld. The authorities plan to align spending with reform priorities in line with NDS3, including towards building climate resilience and human capital.
Accelerate revenue diversification, including via VAT introduction and CIT broadening.	Recognizing the importance of mobilizing non-hydrocarbon revenues, the authorities preferred to introduce the VAT and other revenue diversification measures when domestic/global growth are more robust. Preparation for the implementation of the global minimum CIT is underway—its introduction is expected to be at the beginning of 2025.
Rationalize wage bill and continue subsidy reforms.	Efforts are ongoing to introduce program-based budgeting, and the expenditure review program to enhance efficiency is underway.
Establish a well-designed medium-term fiscal framework and enhance transparency.	Qatar's updated medium-term budget covers a 5-year period for the first time to support NDS3 implementation.
Monetary and Financial Sector Policy	
Strengthen liquidity forecasting and management.	The QCB has continued to improve liquidity management through T-bill issuance. A recent IMF technical assistance provided a series of recommendations which the QCB is considering.
Contain banks' exposure to foreign liabilities.	A series of QCB measures have helped reduce banks' short-term foreign asset-liability mismatches. A comprehensive Third Financial Sector Strategy was published, with plans to deepen domestic financial market which would help boost banks' domestic funding.
Continue strengthening efforts to enhance banking sector resilience.	Financial safety net (deposit insurance, recover/resolution framework) is being enhanced with IMF technical assistance. Measures to limit risks from the real estate sector have been introduced.
Carefully balance opportunities and risks around fintech and green financing initiatives with adequate regulations.	A number of related areas are articulated in the Third Financial Sector Strategy. Fintech sandboxes provide a controlled environment. The digital asset framework establishes a legal and regulatory foundation.
Implement the FATF action plan in a decisive and coordinated manner.	The authorities have submitted an action plan to implement FATF recommendations. A recent IMF diagnostic mission identified TA needs and initiated a 2-year work program to strengthen the effectiveness of the AML/CFT framework.
Structural Reforms and Statistics	
Focus further reforms on productivity, business environment, digitalization, and climate actions.	Reforms are being intensified guided by the Third National Development Strategy (NDS3) released in January 2024, which provides an ambitious reform agenda to enhance human capital, productivity, business environment, and climate resilience.
Enhance macroeconomic statistics by improving data quality, coverage, and timeliness, and by strengthening the institutional framework for statistics.	The National Planning Council (NPC) took over the former Planning and Statistics Authority (PSA) in May 2024. The National Statistics Center is established under NPC to strengthen statistics. Comprehensive data coverage on the external financial account and the International Investment Position remains a challenge, highlighted by Qatar's absence from surveys on CPIS and CDIS.

Annex VII. Data Issues

Table VII. 1. Qatar: Data Adequacy Assessment for Surveillance

Data Adequacy Assessment Rating 1/														
Assessment	B													
	National Accounts	Prices	Government Finance Statistics	External Sector Statistics	Monetary and Financial Statistics	Inter-sectoral Consistency	Median Rating							
Questionnaire Results 2/														
B	B	B	C	B	B	B	B							
Detailed Questionnaire Results														
Data Quality Characteristics														
Coverage	B	B	B	C	B									
Granularity 3/	B		B	C	A									
			B		B									
Consistency			B	B			B							
Frequency and Timeliness	B	A	B	A	A									
Note: When the questionnaire does not include a question on a specific dimension of data quality for a sector, the corresponding cell is blank. 1/ The overall data adequacy assessment is based on staff's assessment of the adequacy of the country's data for conducting analysis and formulating policy advice, and takes into consideration country-specific characteristics. 2/ The overall questionnaire assessment and the assessments for individual sectors reported in the heatmap are based on a standardized questionnaire and scoring system (see IMF <i>Review of the Framework for Data Adequacy Assessment for Surveillance</i> , January 2024, Appendix I). 3/ The top cell for "Granularity" of Government Finance Statistics shows staff's assessment of the granularity of the reported government operations data, while the bottom cell shows that of public debt statistics. The top cell for "Granularity" of Monetary and Financial Statistics shows staff's assessment of the granularity of the reported Monetary and Financial Statistics data, while the bottom cell shows that of the Financial Soundness indicators.														
A	The data provided to the Fund is adequate for surveillance.													
B	The data provided to the Fund has some shortcomings but is broadly adequate for surveillance.													
C	The data provided to the Fund has some shortcomings that somewhat hamper surveillance.													
D	The data provided to the Fund has serious shortcomings that significantly hamper surveillance.													
Rationale for staff assessment. Data provision is broadly adequate for surveillance but with shortcomings. Data frequency, timeliness and coverage should be improved.														
National accounts. Data sources used to compile quarterly estimates of GDP at current and constant prices need to be broadened to enhance accuracy. GDP by expenditure needs to be more up to date-by component annual data lag the headline (in current prices) or are available only up to 2018 (in constant prices). For the latter, the quarterly data should also provide a breakdown (only the headline number is produced). Timeliness was an issue also for GDP by activity data (2023Q4 GDP data were released in early-September 2024. 2024Q1-Q2 GDP data were released in early-December 2024 and 2024Q3 GDP data at end-December 2024).														
Prices. Monthly Consumer and Producer Price Indices (CPI, PPI), and real estate price data are published timely. CPI weights need to be updated more frequently. The Ministry of Justice publishes Weekly Newsletter with daily property transaction data by type which can benefit from greater consistency to better inform surveillance.														
Government finance. The authorities are implementing the Government Financial Management Information System (GFMIS) which enables compilation of accrual fiscal accounts. An IMF Technical Assistance (TA) mission in 2019 supported transition to the Government Finance Statistics Manual 2014. Transparency was enhanced by the publication of annual budget documents and quarterly budget performance reports for the central government with headline budget and debt numbers—the reports could include more line items and quarterly debt numbers. The prospectus for sovereign euro bond issuance includes detailed information on revenue and expenditure line items, and external bonds, but publication is infrequent. For the 2023 budget, a press release was published and, instead of the regular budget statement, the Minister provided relevant information at the press conference. The format of the 2024 budget statement was similar to the 2023 budget press release. The coverage of financial operations should be broadened to the general government including the Qatar Investment Authority (QIA).														
External sector. The Qatar Central Bank (QCB) reports quarterly balance of payments data timely, following the fifth edition of the balance of payments manual (BPM5). The financial account has been developed and coverage improved for major public corporations, the Qatar Financial Center Authority, and the Qatar Stock Exchange. However, financial account data are aggregated. The authorities need to improve coordination to enhance the coverage of Foreign Direct Investment (FDI) flow data (which deviate significantly from FDI commitment data). A 2017 TA mission helped develop a quarterly survey for nonfinancial sector data aimed at producing a quarterly International Investment Position (IIP) statement. However, following the TA the authorities have continued to face capacity constraints in providing comprehensive IIP data to the IMF. More work is needed to ensure comprehensive data coverage, collection, and granularity—efforts should strengthen to allow Qatar's participation in key surveys like the Coordinated Portfolio Investment Survey (CPIS) and the Coordinated Direct Investment Survey (CDIS).														
Monetary and financial sectors. The QCB submits the monetary and financial statistics (MFS) for the central bank and other depository corporations based on the Standardized Report Forms (SRFs). The MFS data are published in the International Financial Statistics on a timely basis. Qatar also reports data on some key series and indicators of the Financial Access Survey (FAS), including mobile money and the two indicators of the U.N. Sustainable Development Goals, but does not report data by gender. The QCB reports the Financial Soundness Indicators as part of the National Summary Data Page, but does not submit to the IMF, and 4 indicators are missing relative to the IMF's list of Core Financial Soundness indicators.														
Changes since the last Article IV consultation. The Planning and Statistics Authority was replaced by a newly established National Planning Council to strengthen reform implementation stipulated in the Third National Development Strategy, including to improve statistics. The statistics authority is in the process of producing new supply and use tables to improve the consistency of GDP estimates. A household survey is being finalized, which will be used to update CPI weights. The domestic "FDI ecosystem" has been fully mapped to identify additional sources of input data including business registration platforms (i.e., QFC, QSTP, QFZA, Media city) which will increase survey frame from current 130+ entities to 2000+ entities.														
Corrective actions and capacity development priorities. Enhance awareness across government entities of the data gaps and international best practices. Implement recommendations made by the above-mentioned TAs. Encourage the authorities to seek the Institute for Capacity Development (ICD) training, additional Statistics Departments (STA) TAs, and participate in the workshop on the Special Data Dissemination Standard (SDDS) to be organized by the newly established Riyadh Regional Office. Urge the National Planning Council and National Statistics Center to coordinate efforts across relevant government entities on statistics including consolidation of scattered data, submission to the IMF, and broader publication.														
Use of data and/or estimates different from official statistics in the Article IV consultation. IP data are unavailable, including QIA's assets under management. Staff rely on different data sources as needed—it estimates external debt data (for non-bank private sector and public sector debt outside of the central government), uses alternative data sources for FDI, and relies on commercially available bank-level data.														
Other data gaps. A more granular forward-looking calendar of key data releases would aid surveillance and enhance transparency. By maturity assets and liabilities data and by sector non-performing loans (NPLs) data will enhance the assessment of banking sector risks for surveillance. Data on enterprises, particularly small and medium-sized enterprises (SMEs), and on climate change adaptation and mitigation would help inform surveillance.														

Table VII. 2. Qatar: Data Standards Initiatives

Qatar participates in the Enhanced General Data Dissemination System (e-GDDS) and publishes the data on its National Summary Data Page since July 2019.

Table VII. 3. Qatar: Table of Common Indicators Required for Surveillance

	As of January 6, 2025								
	Data Provision to the Fund				Publication under the Data Standards Initiatives through the National Summary Data Page				
	Date of Latest Observation	Date Received	Frequency of Data ⁶	Timeliness of Reporting ⁶	Expected Frequency ^{6,7}	Qatar ⁸	Expected Timeliness ^{6,7}	Qatar ⁸	
Exchange Rates	5-Jan-25	5-Jan-25	D	D	D	M	...	1M	
International Reserve Assets and Reserve Liabilities of the Monetary Authorities ¹	Nov-24	Dec-24	M	M	M	M	1M	1M	
Reserve/Base Money	Nov-24	Dec-24	M	2M	M	M	2M	1M	
Broad Money	Nov-24	Dec-24	M	2M	M	M	1Q	1M	
Central Bank Balance Sheet	Nov-24	Dec-24	M	2M	M	M	2M	1M	
Consolidated Balance Sheet of the Banking System	Nov-24	Dec-24	M	2M	M	M	1Q	1M	
Interest Rates ²	5-Jan-25	5-Jan-25	D	D	M	M	...	1M	
Consumer Price Index	Oct-24	Dec-24	M	2M	M	M	2M	1M	
Revenue, Expenditure, Balance and Composition of Financing ³ —General Government ⁴	A	...	3Q	...	
Revenue, Expenditure, Balance and Composition of Financing ³ —Central Government	June-24	July-24	Q	Q	Q	Q	1Q	3M	
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	Dec-23	Nov-24	A	12M	Q	A	2Q	12M	
External Current Account Balance	Jun-24	Nov-24	Q	Q	Q	Q	1Q	1Q	
Exports and Imports of Goods and Services	Jun-24	Sep-24	Q	Q	M	M	12W	1M	
GDP/GNP	Sep-24	Dec-24	Q	3Q	Q	Q	1Q	3M	
Gross External Debt	Dec-23	Nov-24	Q	Q	Q	A	2Q	12M	
International Investment Position	A	...	3Q	...	

¹ Includes reserve assets pledged or otherwise encumbered, as well as net derivative positions.

² Both market-based and officially determined, including discount rates, money market rates, rates on treasury bills, notes and bonds.

³ Foreign, domestic bank, and domestic nonbank financing.

⁴ The general government consists of the central government (budgetary funds, extra budgetary funds, and social security funds) and state and local governments.

⁵ Including currency and maturity composition.

⁶ Frequency and timeliness: ("D") daily; ("W") weekly or with a lag of no more than one week after the reference date; ("M") monthly or with lag of no more than one month after the reference date; ("Q") quarterly or with lag of no more than one quarter after the reference date; ("A") annual; ("SA") semiannual; ("I") irregular; ("NA") not available or not applicable; and ("NLT") not later than.

⁷ Encouraged frequency of data and timeliness of reporting under the e-GDDS and required frequency of data and timeliness of reporting under the SDDS and SDDS Plus. Any flexibility options or transition plans used under the SDDS or SDDS Plus are not reflected. For those countries that do not participate in the IMF Data Standards Initiatives, the required frequency and timeliness under the SDDS are shown for New Zealand, and the encouraged frequency and timeliness under the e-GDDS are shown for Eritrea, Nauru, South Sudan, and Turkmenistan.

⁸ Based on the information from the Summary of Observance for SDDS and SDDS Plus participants, and the Summary of Dissemination Practices for e-GDDS participants, available from the IMF Dissemination Standards Bulletin Board (<https://dsbb.imf.org/>). For those countries that do not participate in the Data Standards Initiatives, as well as those that do have a National Data Summary Page, the entries are shown as "...".



QATAR

STAFF REPORT FOR THE 2024 ARTICLE IV CONSULTATION— INFORMATIONAL ANNEX

January 8, 2024

Prepared By

Middle East and Central Asia Department
(in consultation with other departments)

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RELATIONS WITH THE FUND

(As of November 30, 2024)

Membership Status: Joined on September 8, 1972, Article VIII on June 4, 1973

General Resources Account	SDR Million	Percent Quota
Quota	735.10	100.00
Fund holdings of currency	540.51	73.53
Reserve position in Fund	194.59	26.47

SDR Department	SDR Million	Percent Allocation
Net cumulative allocation	955.96	100.00
Holdings	984.52	102.99

Outstanding Purchases and Loans: None

Projected Payments to Fund

(SDR million; based on existing use of resources and present holdings of SDRs):

Forthcoming					
	2024	2025	2026	2027	2028
Principal					
Charges/Interest	0.00	0.01	0.01	0.01	0.01
Total	0.00	0.01	0.01	0.01	0.01

Implementation of HIPC Initiative: Not Applicable

Safeguards Assessments: Not Applicable

Exchange Rate Arrangement

The de jure and de facto exchange rate arrangements in Qatar are conventional pegged arrangements against the U.S. dollar. The Qatari riyal has been pegged to the U.S. dollar at QR3.64 per U.S. dollar since July 2001, following an unofficial peg since June 1980. Qatar has accepted the obligations under Article VIII, Sections 2(a), 3 and 4 of the IMF's Articles of Agreement, and maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions and multiple currency practices. Qatar maintains exchange restrictions for security reasons, based on UN Security Council Resolutions, that have been notified to the Fund for approval under the procedures set forth in Executive Board Decision No. 144 (52/51).

Last Article IV Consultation

The discussions for the previous Article IV consultation were held during November 1–14, 2023. The staff report was considered by the Executive Board on January 11, 2024, and published on February 7, 2024.

FSAP and ROSC Participation

FSAP missions were conducted in 2007. LEG conducted the 2007 assessment of the AML/CFT framework and provided comprehensive technical assistance (TA) in 2007–11. The 2023 mutual evaluation by the Financial Action Task Force highlighted both substantive improvements made so far and areas for some major improvements going forward. LEG initiated TA to assist Qatar in further enhancing the effectiveness of the framework, focusing on strengthening risk-based supervision of non-financial businesses and professions (e.g., precious metals and stones, real estate), making beneficial ownership information available and easily accessible, and providing training to key AML/CFT agencies.

Technical Assistance

Department	Date	Activity
STA	April 2000	Real Sector Statistics
STA	May 2001	Balance of Payments Statistics
STA	January 2005	Multisector Statistics
STA	April 2006	Government Finance Statistics
LEG	November 2006	AML/CFT Pre-assessment
STA	April 2007	GDDS Assessment
LEG	October 2009	AML/CFT Long-Term Advisor Providing TA
STA	October 2010	Balance of Payments Statistics
STA	September 2012	Coordinated Direct Investment Survey
LEG	March 2014	AML/CFT follow up
FAD	April 2014	Macro-fiscal unit
LEG	November 2014	Risk-based approach to AML/CFT
STA	November 2016	SDDS Assessment Mission
STA	May 2017	External Sector Statistics
LEG	June 2017	AML/CFT Legislative Mission
STA	March 2018	National Accounts Statistics
STA	May 2019	E-GDDS
STA	May 2019	Government Finance Statistics
MCM	April 2024	Liquidity Forecasting and Management
LEG	September 2024	Diagnostic of AML/CFT TA needs
MCM	December 2024	Initiation of a 2-year TA project
MCM	December 2024	Financial Safety Net

Resident Representative: None

RELATIONS WITH THE WORLD BANK GROUP

(As of September 2024)

World Bank Country Page:

<https://www.worldbank.org/en/country/gcc/brief/qatar-country-program>

**Statement by Mohamed Maait, Executive Director for Qatar, and Mira Merhi,
Advisor to Executive Director**

January 27, 2025

On behalf of the Qatari authorities, we would like to extend our sincere gratitude to the Staff mission team for the constructive discussions during the recent Article IV consultation.

Economic Developments and Outlook

Underpinned by its long-term strategic diversification plan “the Qatar National Vision 2030”, the Qatar economic transformation is thriving, and substantial strides have been made in economic, human, social, environmental, and institutional development. After a very strong economic performance in 2022, boosted by the successful hosting of the 2022 FIFA World Cup, output growth has normalized in 2023 and 2024, with recent signs of economic activities strengthening at the end of 2024, notably in the tourism sector. Qatar's inflation has been generally declining throughout 2023 and 2024. The medium-term outlook is positive, bolstered by massive LNG production expansion and by reform efforts which are expected to intensify under the upcoming Third National Development Strategy as well as under the Third Financial Sector Strategy (3FSS) which is also expected to provide impetus for a sustainable growth. Qatar's strong fundamentals and significant policy buffers would help mitigate any negative impact in case downside risks materialize.

Fiscal Policy

The State of Qatar's low public debt, significant fiscal and external buffers, and the longer-term benefits and returns of the authorities' investment plans for future generation are remarkable. The authorities continue to be fully committed to a prudent fiscal policy that aim to optimize the use of Qatar's resources by improving spending efficiency and mobilizing non-oil revenues, all whilst promoting sustainable growth and preserving intergenerational equity. The 2024 budget was focused on allocating resources for the third National Development Strategy (NDS3) and supporting efforts to diversify the economy. The general budget continues to focus on achieving the goals of Qatar National Vision 2030 related to the development of human capital by focusing on the health and education sectors – with the allocations for the two sectors constituting 20% of the total budget - in addition to the goals related to diversifying the local economy and enhancing its competitiveness.

The authorities are committed to a sustainable, shock-resistant medium-term fiscal framework supported by diversified revenues, efficient expenditures, and relatively low debt. Key 2030 targets include to reach a fiscal surplus of 5½ percent of GDP (way above the past five-year-average of 3 percent), maintain the current sovereign credit ratings of AA/Aa2 with stable outlook, and achieve manageable expenditure growth. The government plans to reduce procyclicality of spending, implement program-based budgeting, and enhance debt management through frameworks including sovereign green financing. The authorities intend to continue addressing underlying spending inefficiencies and diversify fiscal revenues notably through implementing the corporate income tax Pillar II in line with the global timeline. The 2025 budget envisages broadly prudent spending plans and aims for a medium-term expenditure-based fiscal consolidation. The authorities have made good progress in expanding program-based budgeting to eventually cover all sectors by the end of 2025 and expect that the ongoing expenditure review would generate savings in the medium term. Moreover, the authorities plan to enhance their macroeconomic projections to support the medium-term budget update. The authorities view the fiscal risks from ongoing PPPs, mainly on operating and maintaining existing infrastructure, to be minimal.

Monetary and Financial Sector Policies

The Central Bank of Qatar (QCB) continues to skillfully manage monetary and financial policies, preserving macroeconomic and financial stability and promoting sustainable growth. The authorities agree with staff's assessment that the exchange rate peg continues to serve the Qatari economy well. They appreciated the IMF technical Assistance on liquidity management and plan to progressively implement its recommendations. The QCB aims to further improve the effectiveness of monetary policy operational framework as a medium-term objective.

Qatar's banking sector is healthy, with strong capital buffers, sound liquidity and stable profitability. Furthermore, QCB maintains a robust regulatory framework and conducts effective supervision to ensure the health of the sector and to preempt any potential risks to financial stability. The QCB is committed to regular risk reassessment and the newly introduced risk-based supervision strengthened the assessment of emerging risks and early action. Banks are well prepared to manage legacy real estate sector weaknesses and the recent macroprudential measures were effectively implemented to address potential risks. The micro and macroprudential measures, including the counter-cyclical capital buffer, are periodically reviewed, and would be dynamically adjusted to manage emerging risks. Moving forward, developments in Qatar's financial sector will be further supported by the Third Financial Sector Strategy (3FSS) covering the period 2023-2030. The strategy will be focusing on governance and regulatory oversight; Islamic finance; digital innovation and advanced technologies; ESG and sustainability; and talent and capabilities, with the aim to create vibrant financial and capital markets that lead the region in innovation, efficiency, and investor protection. "Based on a four-pillar approach - banking, insurance, digital finance, and capital markets - the Strategy provides a roadmap for the financial sector in Qatar to unlock its full potential in line with Qatar National Vision (QNV) 2030.

Qatar has made excellent progress in fighting financial crimes, as acknowledged by the 2023 AML/CFT mutual evaluation report by FATF which highlighted the strength in preventing financial crimes and law enforcement through improved risk assessment capacity and clearer policy priorities. The QCB has also banned financial institutions to use crypto assets. The authorities remain firmly committed to strengthening the AML/CFT framework in alignment with global standards, with a focus on risk-based supervision and effective enforcement to uphold financial integrity and resilience.

Structural Reforms

The Third National Development Strategy (NDS3) 2024-2030 marks the final phase of the Qatar National Vision 2030. Since launching the National Vision in 2008, Qatar has made significant strides by leveraging energy sector revenues to build world-class infrastructure and institutions. As a result, Qatar's nonhydrocarbon economy has grown to account for about two-thirds of the total output, which underscores Qatar's commitment to long-term economic diversification.

The NDS3, launched in January 2024, aims to achieve sustainable economic growth, establish a sustainable medium-term general budget framework with healthy levels of debt, provide a high standard of living to Qataris and position Qatar as a global destination. The strategy also aims at boosting human capital and innovation, enhancing the business environment, attracting FDI and promoting exports. The establishment of the National Planning Council will have a significant role in prioritizing reforms, ensuring inter-agency coordination, and monitoring progress.

The authorities have recently launched the Qatar National Manufacturing Strategy for 2024-2030 aiming to drive sustainable economic development, diversify key economic sectors, boost private sector participation and contributions, advance manufacturing capabilities and strengthen Qatar's economic competitiveness in regional and global markets, in line with the Qatar National Vision 2030. Additionally, Qatar is targeting USD 100 billion in foreign direct investment by 2030, while creating an investment climate that will establish Qatar as a leading

innovation hub and preferred investment destination, both regionally and globally. Moreover, Qatar is prioritizing the information technology sector, and is well placed to leverage AI for productivity gain and has a comparative advantage in energy cost and reliability to attract data centers. The recent launch of the National Health Strategy 2024-2030 will also further reinforce the goals of NDS3.

The authorities are on track to meet their 2030 climate targets. Furthermore, the Ministry of Environment and Climate Change has launched its 2024 – 2030 Strategy aiming to support environmental sustainability, enhance Qatar's ability to adapt to climate change, protect the environment and conserve its natural resources. The strategy will advance sustainable environmental practices while supporting research, innovation, and digital transformation, and strengthening the environmental legislation and policies. Reflecting Qatar's national targets and its commitment to environmental sustainability, the strategy includes a 25% reduction in greenhouse gas emissions by 2030, the restoration of 30% of affected natural habitats, the protection of 30% of land and coastal areas and the conservation of 17 endangered and endemic species to preserve biodiversity.

The authorities recognize that reliable and timely economic data are essential for effective policymaking and reform implementation. To this end, they are actively working to strengthen data quality and coverage to facilitate well-informed decision-making.

Conclusion

Through prudent policies, sound fiscal and monetary management, and ambitious reforms, the State of Qatar has well-positioned itself to achieve its long-term economic National Vision 2030 and to further strengthen its prominent position within the global economy.