STRATEGIC TRADE DEVELOPMENT ROADMAP FOR SME COMPETITIVENESS IN QATAR
2018-2022
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This Strategic Trade Development Roadmap (STDR) was developed on the basis of the process, methodology and technical assistance of the International Trade Centre (ITC) within the framework of its Trade Development Strategy programme.

ITC is the joint agency of the World Trade Organization and the United Nations. As part of the ITC mandate of fostering sustainable development through increased trade opportunities, the Export Strategy section offers a suite of trade-related strategy solutions to maximize the development payoffs from trade. ITC-facilitated trade development strategies and roadmaps are oriented to the trade objectives of a country or region and can be tailored to high-level economic goals, specific development targets or particular sectors, allowing policymakers to choose their preferred level of engagement.

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The document benefited particularly from the inputs and guidance provided by the members of the national STDR core team.

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Technical support and guidance from ITC was rendered through Alexandra Golovko, Olga Khomula and Victor Deleplancque.
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ACRONYMS

The following abbreviations are used:

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<tr>
<td>CAGR</td>
<td>Compound Annual Growth Rate</td>
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<tr>
<td>CO2</td>
<td>Carbon dioxide</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>HDI</td>
<td>Human Development Index</td>
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<td>HR</td>
<td>Human Resources</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>International Trade Centre</td>
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<td>MENA</td>
<td>Middle East and North Africa</td>
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<td>MICE</td>
<td>Meetings, Incentives, Conferences and Exhibitions</td>
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<td>MoADLSA</td>
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<td>MoDPS</td>
<td>Ministry of Development Planning and Statistics</td>
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<td>MoEHE</td>
<td>Ministry of Education and Higher Education</td>
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<td>Ministry of Justice</td>
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<td>Ministry of Municipality and Environment</td>
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<td>MSME</td>
<td>Micro, Small and Medium-sized Enterprise</td>
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<td>PPP</td>
<td>Purchasing Power Parity</td>
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<td>QBIC</td>
<td>Qatar Business Incubation Centre</td>
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<td>SME Development Partners Network</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<td>SME</td>
<td>Small and Medium-Sized Enterprise</td>
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<td>STDR</td>
<td>Strategic Trade Development Roadmap</td>
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<td>TFP</td>
<td>Total Factor Productivity</td>
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<td>TISI</td>
<td>Trade and Investment Support Institution</td>
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<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
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<td>UAE</td>
<td>United Arab Emirates</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Box 1: Methodological note

The approach used by ITC in the strategy and roadmap design process relies on a number of methodological and analytical elements, all of which form major building blocks of this STDR:

- A consultative approach involving both public and private sector stakeholders, as well as representatives of civil society (e.g. unions and academia): two wide stakeholders’ consultations were held in Doha in April and May 2016 in order to agree on a common vision and strategic objectives, as well as to select criteria to be retained for priority sector identification. A core team was set up to constantly follow the STDR development process.

- A review of existing trade-related programmes, studies and strategies that provide the basis for the coherent analysis and that ensure consistency with governments’ policy objectives: the present STDR is fully aligned with existing policies and orientations set, such as Qatar National Vision 2030 (QNV) or the National Development Strategy 2011–2016 (NDS).

- A review of the national business environment, including identification of the key competitiveness constraints and of opportunities to maximize the contribution of the export sector to broader socio-economic development:

Traditionally, the scope of export strategies has been defined in terms of market entry, such as market access, trade promotion and export development. This ignores several important factors in a country’s competitiveness.

For an export development policy to be effective it must address a wider set of constraints, including any factor that limits the ability of firms to supply export goods and services; the quality of the business environment; and the development impact of the country’s trade, which is important to its sustainability. This integrated approach is illustrated by the four gears framework schematic below:

- A comprehensive analysis of current export performance (by product/service) and the identification of priority sectors: the STDR looks at export performance indicators and takes them into account in order to identify priority sectors. Priority sectors’ selection is therefore established based on a combination of quantitative and qualitative factors, agreed with national stakeholders.
EXECUTIVE SUMMARY

The goal of Qatar’s Strategic Trade Development Roadmap (STDR) is to set the small and medium-sized enterprise (SME) sector on the course of strategic development by addressing constraints in a comprehensive manner and defining concrete opportunities that can be realized through the specific steps detailed in the initiatives’ section.

Considering the pressing need to unlock the potential of SMEs and to operationalize economic transition in Qatar, the present STDR aims to provide practical orientations around a dual objective. First it gives a set of concrete and realistic initiatives to improve the SME ecosystem and facilitate firms’ operations at the national level, answering the current constraints. Second, it prioritizes specific sectors of the economy which represent particular potential and that have been selected through a set of commonly agreed criteria. These criteria encompass quantitative factors such as export potential and existing demand, and key qualitative aspects such as the possibility for the sector to substitute imports and integrate local value chains, as well as societal and environmental benefits. Priority sectors represent inherent success potential for SMEs willing to engage in them, as they offer a unique proposition of Qatar vis-à-vis its peers, in addition to fostering innovation and a highly skilled economy.

Qatar has experienced outstanding economic growth over the past two decades, relying on the exploration and production of hydrocarbons as the main source of exports and fiscal revenues. Qatar has emerged as the highest per capita income country in the world. In addition to economic performance, the Qatar growth model has delivered strong social outcomes over the years, including in education, as well as improved welfare and standards of living. The substantial wealth accumulated in recent years from oil and gas revenues leads to high domestic public investment reinforcing the development of the economy. However, this economic growth has been the result of factor accumulation rather than productivity. Labour productivity has proven to be low and stagnant over the past decade. Similarly, the impressive growth of the capital stock has not been accompanied by strong productivity gains.

The recent steep fall in oil prices has highlighted the vulnerability of the economy to volatility in the global hydrocarbons market and the need for greater diversification. Deeply impacted by the deterioration of its trade balance. The significant contraction of the oil and natural gas sector provides a context in which the non-hydrocarbon sector will progressively need to become the new engine for economic growth.

Qatar has taken steps to anticipate the transition to a knowledge-based economy, but export diversification remains limited. In 2008, Qatar developed the Qatar National Vision 2030 (QNV) and the National Development Strategy 2011–2016 (NDS), both of which pledged a transition to a knowledge-based economy through diversification. However, the last decade’s figures indicate that export growth has
been almost exclusively driven by a greater volume of trade in traditional products. Foreign direct investment (FDI) coming into Qatar has also been declining and remained concentrated in traditional sectors, failing to stimulate diversification.

Stimulating the growth of the SME sector will be vital to spearhead the long-awaited diversification but constraints need to be addressed on multiple fronts. SMEs represent the seeds for diversification as they form the entirety of the non-oil-and-gas economic sectors today. Stimulating their development will thus be crucial for Qatar. Nevertheless, it will be important to prioritize support to the areas which have the most potential for success. It will be also important to resolve the current bottlenecks that prevent SME development. A lot of these bottlenecks are related to the nascent nature of the SME sector in Qatar, such as the lack of entrepreneurial spirit, the misalignment of the business environment with the needs of SMEs and the lack of incentive to export. Others are rather structural, such as the juxtaposition of comfortable public sector employment with entrepreneurship which is still relatively precarious.

The orientations of the STDR can be summarized as follows.

This STDR was the result of extensive consultations with public and private sector stakeholders, leading to unprecedented levels of cooperation among sector operators. Key private sector stakeholders and leading institutions facilitated an exhaustive analysis of the SME framework. Market-led strategic orientations, prioritized by stakeholders and embedded into a detailed implementation plan, provide a clear roadmap that can be leveraged to address constraints to trade, maximize value addition and support regional integration. In addition, the inclusive approach ensured that all stakeholders were committed to the process and left with a clear understanding of each actor’s role.
Relying on the exploration and production of hydrocarbons as the main source of export and fiscal revenues, Qatar has experienced strong economic growth over the past two decades. Boosted by the exploitation of its large natural gas reserves since the 1990s (Qatar has the third-largest reserves of natural gas in the world after the Russian Federation and the Islamic Republic of Iran), Qatar has become one of the world’s fastest-growing economies.

Since the first exports of liquefied natural gas in 1996, Qatar’s gross domestic product (GDP) has grown exponentially, from around QAR 100 billion in the early 1990s to QAR 764 billion in 2014, at constant prices. Driven by high hydrocarbon prices and supported by rising Government spending, the country’s economy grew at an impressive compound annual growth rate (CAGR) of 11.9% between 2001 and 2014 (see figure 4). However, following the recent contraction in oil and natural gas exports observed after 2011, and after six consecutive years of double-digit economic growth, Qatar’s GDP growth rate fell to 4.9% in 2012, its lowest level since the 3.7% growth rate reported in 2003. Since then Qatar has experienced stable growth at around 4–5%, driven by non-oil-and-gas sector growth (see figure 19). With hydrocarbon prices unlikely to show significant increases in the coming years, the trend is likely to continue, as confirmed by International Monetary Fund (IMF) estimates (see figure 1).

**Figure 1**: GDP at market prices (constant 2005 QAR) and GDP growth (annual %), Qatar, 1990–2015

Source: International Monetary Fund (2016).
Qatar has emerged as the highest per capita income country in the world but GDP growth in per capita terms has been limited over the past decades. With gross national income (GNI) per capita reaching US$ 128,734 in 2014, Qatar is by far the highest per capita income country in the world at purchasing power parity (PPP). By way of comparison, the average GNI per capita at PPP in the world did not exceed US$ 37,895 that same year. At the regional level, Qatar also compares positively with other GCC countries, notably with the United Arab Emirates (UAE) (US$ 64,604) and Saudi Arabia (US$ 49,645) (see figure 3).

However, despite Qatar’s impressive rates of output growth over the years, improvements in income per capita have been limited as the country recorded a weak annual per capita GDP growth of 1.5% over the period 2001–2014. This situation is due to fast population growth driven by inflows of expatriate workers to the country. However, Qatar’s contrasted performance must be put in perspective, as other GCC hydrocarbon-producing countries have recorded negative annual per capita GDP growth over the same period, with the exception of Saudi Arabia which benefits from a significantly larger population and is therefore less reliant on a foreign labour force (see figure 4).
**Figure 4:** GDP and GDP per capita in the GCC region, CAGR 2001–2014 (constant 2005 US$)

![GDP and GDP per capita in the GCC region](image)

The bubble size is proportional to the GDP at market prices of each country in 2014.


**Figure 5:** HDI and HDI components, Qatar, 1980–2014

![HDI and HDI components](image)

In addition to economic performance, the Qatar growth model has delivered strong social outcomes over the years, including in the field of education, as well as improved welfare and standards of living. Qatar ranks 32 in the Human Development Index (HDI) rankings with an index of 0.850. Supported by its GNI index, the highest in the world, the country compares positively with its GCC peers and is closely followed by Saudi Arabia (0.837) and the UAE (0.835) (see figure 6).

The breakdown of the HDI confirms the upward trends in terms of human development across all components (see figure 5). Notably, life expectancy at birth has significantly increased over the past decades to reach 78.2 years in 2014, the highest level among the GCC countries, supported by massive public investment in the health-care system. Similarly, the Government has significantly increased public sector spending on education, namely with the inauguration of the Education City in 2003, leading to a surge in the country’s education index. However, although expected years spent in schooling reached 13.8 years in 2014, Qatar is still lagging behind other Gulf states, including Saudi Arabia (where this indicator is 16.3 years) and, to a lesser extent, Kuwait (14.7 years) and Bahrain (14.4 years).

Although significant improvements have been achieved in terms of human development overall, some inequalities persist, notably as income distribution remains highly skewed, with an ‘income Gini coefficient’ of 41.1, where a value of 0 represents absolute equality and a value of 100 absolute inequality. This suggests that continuous efforts must be made in order to fight inequalities and further improve the welfare and living standards of the entire population.

Qatar is also facing important environmental challenges due to high carbon dioxide (CO2) emissions and water overconsumption. Qatar has the unfortunate title of being – by far – the world’s largest per capita greenhouse gas emitter, hence contributing to global climate change. With CO2 emissions estimated at 44 tons per capita, mostly from energy production, the country is well ahead of other GCC countries, even if the latter also rank among the top 10 greenhouse gas emitters in the world (see figure 7). Another air quality challenge lies in the fact that ‘various local pollutants mix with particulates in the air to cause air quality problems that contribute to respiratory illnesses’.

Another important environmental challenge is overconsumption of water. It is estimated that Qatar consumes almost twice as much water as the global average and that its per capita water use is one of the highest in the world. Several factors explain the situation: chief among them is the enormous irrigation losses in the agricultural sector due to unsustainable irrigation methods that are depleting the country’s underground water resources. Large volumes of water are also lost in distribution due to leakage in transmission and the fact that important volumes of wastewater go uncollected, untreated and unused. It is also noteworthy that Qatar largely depends on desalinating seawater, which is an energy-intensive process accounting for about 50% of energy consumption in Qatar according to the IMF, therefore imposing a cost on the economy and the environment.

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1. – The Gini coefficient is a measure of the deviation of the distribution of income among individuals or households within a country from a perfectly equal distribution.


Figure 6: HDI Index in GCC countries, 2014

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In addition, economic growth has been the result of factor accumulation, rather than productivity. A recent paper published by the IMF suggests that labour and capital factors have grown at a similar pace to output over the past decade. Factor accumulation in Qatar has been driven by massive Government spending – primarily on infrastructure – leading to a rapid inflow of workers, especially by construction firms. On the other hand, the growth of total factor productivity (TFP), measuring how efficiently and intensely inputs are utilized in production, has been close to zero over the same period, indicating that the productivity effects have not yet materialized3 (see figure 8).

While the main driver of the economy in the second half of the 2000s, the contribution of labour quantity to GDP growth started declining after 2009, with capital growth taking over as the major contributor to output growth after 2009 with stable growth, ranging from 5% to 6% between 2007 and 2014 (see figure 9).


**Figure 7**: CO2 emissions per capita (tons), GCC countries, world ranking indicated in parentheses

![Figure 7: CO2 emissions per capita (tons), GCC countries, world ranking indicated in parentheses](image)


**Figure 8**: Contributions to GDP growth between 2006 and 2013, Qatar

![Figure 8: Contributions to GDP growth between 2006 and 2013, Qatar](image)

Source: International Monetary Fund.
The rapid inflows of expatriate workers that have supported the economic growth of Qatar have led to high population growth and caused the employment–population ratio to rise dramatically. Being a geographically small economy with a small native population, Qatar is highly dependent on inputs from abroad and has been in need of workers, specifically in the construction sector. The population of Qatar has consequently dramatically increased, reaching 2.53 million in March 2016 from 224,000 in 1980, with a mere 13% of the population being Qatari nationals. Most expatriates come from Asian countries, with Indians being the largest community, followed by Nepalese, Filipinos, Egyptians, Bangladeshis, Sri Lankans and Pakistanis. The massive inflows of male workers, generally aged 25–45, has led to a gender imbalance in the population (see figure 10), with females accounting for less than a quarter of the total population (24%).

The migration of workers led to a surge in the employment rate at 87.6% of the total population in 2014, from 48% in 2001 and 68% in 2007. However, significant disparities exist depending on gender, age and nationality, with the employment rate of non-Qatari males reaching an impressive 97.8% compared with 68.9% for their Qatari peers. The employment rate for women, in comparison, is significantly lower for both Qataris and non-Qatari, only reaching 35% and 59.4%, respectively (see figure 11). By way of consequence the unemployment rate is extremely low in Qatar, at 0.2%, affecting 3,262 people in 2014, of which 68% are women. Non-Qatari females alone account for more than half of the unemployed population.

Figure 9: Sources of economic growth, Qatar, 2000–2014 (% GDP)


Figure 10: Population pyramid of Qatar, 2014

Source: Index Mundi (2016).
Expatriates, in particular men, account for the bulk of the active population, mostly working in the private sector. Accounting for more than 84% of the active population, non-Qatari males’ employment is highly concentrated in the lower-skilled and lower-paid private sector, mostly in the construction sector, while the majority of non-Qatari women are employed in the even lower-paid household sector (see figure 13). On the other hand, most Qataris – both males and females – are working in Government, where the monthly average wage is much higher, at around QAR 24,000 compared to QAR 7,600 in the private sector (and as low as QAR 6,000 in the construction sector).  

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Looking at the distribution of the labour force by sector, it appears that construction employment remains predominant, employing more than 636,000 people or 38% of the total workforce in 2014, despite a decline observed after 2008. Other important sectors in terms of employment include wholesale and retail trade activities (12%), household workers (9%) and manufacturing (8%) (see figure 14). More generally, employment trends indicate that, even though they remain predominant, the share of industrial jobs in total employment has declined since 2008 while the services sector has gained importance over the years, accounting for 45% of total employment in 2014, up from 39% in 2008. This reflects the ongoing, though timid, transition towards a more diversified economy. Agricultural employment has remained stable over the years, accounting for a mere 1.4% of total employment in 2014.
Although impressive employment growth has been observed in Qatar, labour productivity has proven to be low and stagnant over the past decade. As mentioned earlier, the large and rapid inflows of workers have grown at a similar pace as the non-hydrocarbon economy (figure 8), implying that a decline in population growth would contribute to a decrease in GDP growth unless labour productivity gains are obtained. In a recently published paper the IMF reported a negative labour productivity growth of -2.19% over the period 2006–2013 for the whole economy. The estimated growth was barely positive in non-hydrocarbon sectors (+0.45%), labour productivity fluctuating without showing a clear upward trend over that period.5

One of the reasons behind this trend is the sharp rise in immigration of unskilled workers concentrated in the construction sector, fuelled by massive Government spending on large-scale investment projects, an industry characterized by relatively low labour productivity. Despite capturing 38% of the total workforce, the construction sector alone cannot be held accountable for the performance of the country. Looking at the broader picture, it appears that non-Qatari workers, accounting for a large majority of the workforce in the market sectors as described above, are relatively unskilled (see figure 16), reflecting the relatively poor quality of the human capital in Qatar.

The situation highlights the need for Qatar to ‘determine a suitable size and quality of its expatriate labour force’, as indicated in the QNV. With its objective to develop a knowledge-based economy, the Government envisages a progressive rotation of employment from low-productivity sectors into higher productivity ones. Efforts should also be continued to enhance human capital development, notably with a view to increasing the average years of schooling. Improving the business environment for private sector development would also contribute to improving productivity.

Similarly, the impressive growth of the capital stock has not been accompanied by strong productivity gains as the capital factor has grown at a similar pace to output over the past decade (see figure 8). While spending on public investment has been proven to create immediate GDP growth, investment efficiency should be boosted to raise the productivity of physical capital, namely by strengthening public investment selection and management, as suggested by the IMF.6 Private sector investment should also be encouraged.

Although the Qatar growth model has delivered strong economic and social outcomes over the past decades, the recent steep fall in oil prices has highlighted the vulnerability of the economy to volatility in the global hydrocarbons market and the need for greater diversification. Ranging from US$ 100 to US$ 120 between 2011 and mid-2014, the Brent oil price fell to less than US$ 50 in early 2016, in turn leading to the collapse of domestic exports, the latter being largely dominated by liquefied natural gas exports whose price is linked to the price of crude oil (see figure 17).

Given its reliance on hydrocarbon exports as the main source of fiscal revenues, the steep fall in oil prices is deeply affecting the Qatar economy and will lead to a substantial deterioration in fiscal and external balances.7 As indicated in figure 18, direct oil and gas revenue dropped dramatically in the fiscal year 2014/15, from QAR 195 billion in 2013/14

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to QAR 130 billion in 2014/15. The situation is expected to worsen for the fiscal year to come given the continued low oil prices. It is also to be noted that if direct oil and gas revenue amounted to approximately 55% of total revenue over the past three fiscal years, on average, the IMF suggests that since the bulk of investment income and corporate income tax comes from hydrocarbon activities, more than 90% of total revenue would in fact be hydrocarbon revenue.8


Figure 16: Non-Qatari workers’ skills composition, 2013 (%)


Figure 17: Correlation between crude oil prices and Qatar exports, 2006–2015 (US$ billions)

Sources: World Bank (2016) (b); and United Nations Comtrade.
Figure 18: Composition of fiscal revenue and total revenue growth, Qatar, 2009/10–2014/15

The significant contraction of the oil and natural gas sector provides a new context whereby the non-hydrocarbon sector is spearheading economic growth. After years of double-digit GDP expansion, Qatar has experienced stable growth at around 4–5% since 2012 (World Bank), driven almost exclusively by the expansion of the non-oil-and-gas sector. The services sector has notably emerged as the major driver of GDP growth with a contribution of 4.4% in 2014, followed by the construction industry (2.2%) and the manufacturing sector (0.4%) (see figure 19).

While this trend primarily reflects the fall in oil and gas prices, and the contraction of hydrocarbon exports, it also highlights the fast growth of the non-oil-and-gas sector and the recent progress achieved by Qatar in its efforts towards greater economic diversification. While almost no growth has been observed in the hydrocarbons sector since 2012, the non-hydrocarbon sector has reported double-digit growth in recent years, driven notably by solid growth in the services, construction and manufacturing sectors (see figure 20). The share of non-hydrocarbons’ output in GDP has steadily increased over the years, and notably after 2004, from 41.9% in 2011 to 48.9% in 2014.

Figure 19: Contributions to real GDP growth, Qatar, 2010–2014 (%)

Despite recent signs of economic diversification and the rapid growth of the non-oil non-gas sector, the economy remains highly dependent on hydrocarbons, the latter still accounting for more than half of the nominal GDP in 2014 (Qatar Ministry of Development Planning and Statistics (MoDPS) estimates). Intensification of diversification efforts is therefore needed to reduce exposure to uncertainty in the global oil market and make the Qatar economy less reliant on volatile hydrocarbon revenues, all the more so as hydrocarbon prices are unlikely to show significant increases in the coming years.

**Implication for the STDR:**

- Sustained but low levels of economic growth and high reliance on an uncertain hydrocarbon resource – the STDR to focus on maintaining sustainable growth through trade diversification in order to reduce vulnerability.
- Economic growth has been driven by factor accumulation rather than productivity – the STDR to favour productivity gains.
- High environmental impact with current economic model – the STDR to focus on reversing the trend through selection of sustainable diversification paths.
- Growth has translated into improved well-being but certain inequalities remain – the STDR to seek social values and adjust immigration policies to even welfare distribution.
Qatar current account registered a ‘surplus’ in 2017. Qatar recorded a current account surplus of US$3.9 billion in 2017, compared to a deficit of US$7.6 billion in 2016. The turnaround was largely driven by an improvement of oil prices. Current account in Qatar averaged US$27.9 billion from 2003 until 2017, reaching an all-time high of US$60.4 billion in 2013 and a record low of -7.6 billion in 2016. The deficit registered in 2016 was the first time deficit in almost two decades. IMF estimates forecast a modest current account surplus between 2018 and 2022 (see figure 21). In order to maintain trade balance surplus and, by way of consequence, a current account surplus, an export strategy is urgently needed to boost Qatar’s non-hydrocarbon exports and reduce the dependency on liquefied natural gas and oil exports.

The trade balance has reported an alarming decline recently. Given the lack of export diversification and the concentration on a few hydrocarbon export commodities, the sudden drop in exports from the oil and natural gas sector led to a rapid deterioration of the trade balance. From the historic high of almost US$110 billion reached in 2013, the trade surplus generated by the economy of Qatar dramatically dropped to US$45 billion in 2015, or a contraction of 29%, reflecting the recent fall in oil prices (see figure 22).

**Figure 21**: Current account balance in GCC countries, 2006–2022 (US$ billions)

Source: International Monetary Fund (2016).
The deterioration of the trade balance has also been fuelled by the steady expansion of imports in recent years. Imports of machinery and transportation equipment dominate, reflecting capital investments and supporting infrastructure development.9 Food products, including basic agricultural products such as meat, dairy products and cereals, are also mostly imported given the limited output of domestic agriculture due to the arid climate and the absence of arable land. The country’s imports grew at a CAGR of 7.9% between 2006 and 2015, reaching a record US$ 32.6 billion in value in 2015. The trade balance declined for the second year in 2016 in a row to reach US$25.2 billion given the delayed impact of low oil prices on the country’s exports. Most imported commodities come from the European Union (EU) (the 28 EU Member States accounted for 29% of Qatar’s total imports in 2015), with Germany being the main European trading partner, followed by the United Kingdom of Great Britain and Northern Ireland, Italy and France (see figure 24). Other key trading partners include China, representing a share of 12% in the country’s imports, the United States of America (11%), the UAE (11%) and Japan (9%).

Largely dominating exports of goods in Qatar, the trade performance of the hydrocarbon sector is deeply affected by the recent drop in oil prices. Exports from the oil and natural gas sector declined by 43% in 2015, from US$ 113.9 billion worth of goods exported in 2014 to US$ 64.5 billion in 2015 (see figure 26). Hydrocarbon exports in Qatar accounted for approximately 83% of total exports, largely dominated by petroleum gases, and liquefied natural gas more precisely, which alone captured 64.8% of the country’s total exports in 2015. Despite a sharp decline of 11% in the annual growth of world imports for hydrocarbons (see figure 29), Qatar remained the biggest exporter of petroleum gases in 2015 with a share in world exports of 20.2%, for an exported value of US$ 50.5 billion. Other important hydrocarbon products include crude petroleum oils, accounting for 13.6% of the country’s exports, and other petroleum oils, not crude (4.4%).

**Sources:** ITC calculations based on United Nations Comtrade and MoDPS statistics.
Figure 26: Qatar exports by product category, 2014–2015 (US$ billions)

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Petroleum gases</td>
<td>-41.3%</td>
</tr>
<tr>
<td>Crude petroleum oils</td>
<td>-50.6%</td>
</tr>
<tr>
<td>Petroleum oils, not crude</td>
<td>-46.6%</td>
</tr>
<tr>
<td>Plastics</td>
<td>-46.0%</td>
</tr>
<tr>
<td>Aluminium</td>
<td>-39.0%</td>
</tr>
<tr>
<td>Fertilizers</td>
<td>-0.4%</td>
</tr>
<tr>
<td>Organic chemicals</td>
<td>-31.9%</td>
</tr>
<tr>
<td>Inorganic chemicals</td>
<td>1.2%</td>
</tr>
<tr>
<td>Iron and steel</td>
<td>-37.9%</td>
</tr>
<tr>
<td>Other</td>
<td>19.2%</td>
</tr>
</tbody>
</table>

Sources: ITC calculations based on United Nations Comtrade and MoDPS statistics.

Although the non-hydrocarbon sector has reported impressive growth in recent years, export diversification in Qatar has been more limited. With hydrocarbon exports accounting for 87% of total exports over the period 2012–2014 (see figure 27), Qatar’s ratio is one of the highest among the GCC countries, second only to Kuwait (94%), reflecting the relatively low degree of diversification of products destined for export. In the UAE, on the contrary, the dependency on hydrocarbon exports has been considerably lowered over the years, only representing approximately a third of the country’s exports of goods in 2012–2014, indicating a comparatively high degree of economic diversification.

Figure 27: Export composition in GCC countries, average 2012–2014 (%)
Non-hydrocarbon exports have, however, progressed over the past decade. With US$ 13.4 billion worth of goods exported, the non-hydrocarbon sector accounted for a mere 17% of Qatar’s total exports in 2015. Despite a contraction reported that year, non-hydrocarbon exports grew at an impressive CAGR of 16.1% over the period 2006–2014, though from a very low base. This surge in exports has notably been driven by the emergence of commodities such as plastics, aluminium, fertilizers and organic and inorganic chemicals. As indicated in figure 29 though, Qatari exports of these products appear to be underperforming on the international scene in the sense that the country’s annual increase in world market share for these products decreased over the period 2011–2015.

While non-oil-and-gas exports have increased significantly over the past decade, Qatar imports have increased at a higher pace, notably after 2011, leading to a deterioration of the non-hydrocarbon trade balance (see figure 30). This once again highlights the need to intensify diversification efforts in Qatar, notably targeting exports in order to keep up with the increase in imported goods.

Qatar’s exports are heavily dependent on the Asian market. Asian countries are by far the largest importers of Qatari products, together capturing 82% of the country’s total exports. With an imported value of US$ 16.2 billion in 2015, Japan emerged as the top importer of commodities from Qatar, capturing 21% of the country’s exports. Other major importers include the Republic of Korea, accounting for 17% of Qatar’s exports, India (12%), China (7%) and the UAE, the main importer in the Gulf region (6%). Europe only accounted for 12% of Qatar’s total exports in 2015 with US$ 9.3 billion worth of commodities imported in 2015. The relatively untapped European markets could offer significant opportunities for Qatar’s exports in the near future. From a regional perspective, the share of GCC countries in Qatar’s exports represented US$ 6.5 billion, or 8.4% of the total exports in 2015, largely driven by UAE imports, alone attracting 73% of the region’s share.

Taking a closer look at the evolution of imports over time, it appears that the same import trends have been observed in each destination market, closely reflecting oil price developments with little change in the actual demand of these markets.
Figure 29: Growth of national supply and international demand for products exported by Qatar in 2015


Figure 30: Non-hydrocarbon trade balance, Qatar, 2006–2015 (US$ billions)

Sources: ITC calculations based on United Nations Comtrade and MoDPS statistics.
The decomposition of export growth in Qatar indicates that export growth in the last decade has been almost exclusively driven by a greater volume of trade in traditional products—hydrocarbons in this case—to traditional, or established, markets, dominated by Asian countries (see figure 32). Overall the market diversification for Qatar exports over the period 2010–2014 was extremely limited or non-existent. In addition, very few new products have been exported, reflecting a very low level of innovation. This decomposition highlights the limited results obtained by Qatar so far in its objective of achieving greater economic diversification. There is an urgent need for the country to diversify its export markets and improve the competitiveness of its products on international markets.

Supplementary to the above diagnostic, an analysis of the duration of Qatari export relationships reveals that Qatari exporters are having difficulties sustaining export relationships over a prolonged period. The performance is alarming, as the probability of an export relationship surviving until the second year is 44.4%, this probability falling to 20.7% after three years (see figure 33).
Driven by the transport and travel sectors, exports of services have grown dramatically over the past decade but their share in total exports remains extremely limited. With an exported value US$ 13.5 billion reported in 2015, services exports have shown rapid expansion in recent years in Qatar, growing at an impressive CAGR of 46% over the period 2010–2014, though from a very low base (United Nations Comtrade). The share of services in total exports remains limited, although it has been catching up in the last five years, reaching 9% in 2014 compared with less than 4% in 2010.

These recent developments have been driven by the rapid progression of the transport (i.e. passenger and freight transport) and travel sectors (i.e. hotels and restaurants (including catering), travel agencies and tour operator services, and tourist guide services sectors) as illustrated in figure 34. These two sectors represented approximately 50% and

36% of Qatar’s total exports of commercial services in 2014 respectively.\(^{10}\) As indicated in the Qatar Economic Outlook 2015–2017, trade, restaurants and hotels was the fastest-growing component, at 14.1% (see figure 34), propelled by the rise in population and strong growth in tourism.

Transport services, on the other hand, have been boosted by the development of the Government-owned Qatar Airways and the construction of the new Doha International Airport that contributed to a sharp increase in both passenger and cargo traffic. While recent developments have also been observed in insurance and pension services; in personal, cultural, and recreational services; and in telecommunications, computer and information services, the shares of these activities in the country’s total services exports is still minimal.\(^{10}\)– Government goods and services have not been considered in this analysis.

Sources: ITC, United Nations Conference on Trade and Development (UNCTAD), World Trade Organization (WTO) joint data set.
In analysing exports of services, a distinction between modern and traditional services is useful. Modern services include communications, insurance, finance, computer and information, royalties and licence fees and other business services; whereas traditional services include transport, travel, construction, and personal, cultural and recreational services. Modern services generate higher value added and present a higher degree of sophistication. According to this classification, Qatar is currently extremely dependent on traditional services, the latter accounting for more than 90% of all exports of services in 2014. While efforts should be made to strengthen and consolidate the recent developments observed in the services sector, notably in the transport and tourism industries, this analysis also highlights the need for Qatar to diversify its services towards higher value services.

While services exports have recently shown significant improvements, imports of services (in value) have grown at a faster pace than domestic exports, resulting in the deterioration of the services balance. Driven notably by a sharp increase in travel and transportation services in recent years, services imports grew at a CAGR of 39% over the past five years, from US$ 5.8 billion in 2010 to a record US$ 32.9 billion in 2014. Business services, including trade-related services, research and development (R&D), advertising and market research, among others, have also significantly progressed, accounting for 9% of Qatar’s services imports in 2011, while no trade data were reported under this component before 2011. As a result of this dramatic increase in imports the services deficit widened over the years to reach an historic high of US$ 19.3 billion in 2014 (see figure 37).
According to the World Bank’s World Development Indicators, Qatar FDI net inflows dropped dramatically after 2009, from more than US$ 8.1 billion that year to less than US$ 1 billion in 2011. Since then, net inflows have stagnated, accounting for less than 1% of GDP (see figure 38). The inward FDI stocks are, however, significant, approaching US$ 30 billion in 2013 (see figure 39). In terms of sources of FDI, the United States was by far the largest source, alone accounting for 34.5% of the Qatar inward stocks in 2012, followed by the Netherlands (15.3%), France (10.6%), Saudi Arabia (8.1%) and Italy (6.3%).

These five countries dominated with 74.8% of total foreign investment by the end of 2012.

Looking at the economic activities targeted by foreign investors, the Qatar Foreign Investment Survey for the year 2013 indicates that FDI inflows in Qatar are largely dominated in the mining and quarrying industry and manufacturing, accounting for 44.2% and 21.9% of the inward stock reported in 2012, respectively. The remainder was concentrated in the building and construction sector (13.9%) and in professional, scientific, technical, administrative and support service activities (10.7%).

This analysis demonstrates the needs for Qatar to implement policies and develop incentive mechanisms to attract FDI targeting the non-hydrocarbon sector, in line with its efforts towards achieving greater diversification of its economic activities. An important element will consist in establishing a more enabling business environment for foreign investors, namely by facilitating investors’ ability to enter some economic sectors without being limited to a minority ownership.

In addition to FDI, given the substantial wealth from oil and gas revenues accumulated in recent years, domestic public investment plays a major role in the development of the economy and contributes to its diversification. According to the Qatar Economic Outlook 2015–2017, gross domestic investment was the second-largest component of expenditure after exports of goods and services, accounting for 32.4% of GDP in 2014. Investments included ‘upstream oil and gas production facilities, major real estate development and heavy investments in economic and social infrastructure’. Intensifying investment in the non-hydrocarbon sector will greatly contribute towards diversification and develop alternative sources of growth.

With approximately 10,000 active entities in Qatar, the micro, small and medium-sized enterprise (MSME) sector appears to be largely underdeveloped, only playing a minor role in the Qatari economy. Indeed, in its Reviewing the Strategy for 2015–2019 published in 2015, the Qatar Development Bank (QDB) estimated that out of approximately 32,000 MSMEs registered in Qatar, only a mere 10,000 are considered active. In terms of economic activities, a large share of these active entities (more than 40%) are operating in the trade sector, followed by agriculture and manufacturing, each comprising around 1,000 MSMEs. The construction industry and the food and lodging sector are also of importance, with 660 and 640 MSMEs respectively.

Overall, the IMF estimates that the MSME sector in Qatar is only contributing 10% of GDP and capturing 15% of the country’s employment, compared with 30% and 71% in the Middle East and North Africa (MENA) region, on average, respectively.

With only 1.7 new businesses per 1,000 people aged 15–64 years registered in Qatar in 2012, the rate of business creation in Qatar is alarming, reflecting a low level of entrepreneurship. The number of exporting SMEs also appears to be extremely limited, as QDB estimates that only 1% of the registered entities in Qatar are exporting, compared with 25% within the EU and 5% in the United States. Overall, it is estimated that there are only five MSMEs for 1,000 people in Qatar. By way of comparison, this ratio stood at 67 in the Republic of Korea, 41 in Ireland and 40 in Norway that same year.

There might be several explanations for this situation, chief among them the lack of incentives for Qataris to engage in private sector activities given the significant gap that exists between the average wage they can garner in the public sector and the monthly wages that can be obtained working in the private sector (as indicated earlier, the average monthly wage working in Government was QAR 24,000, compared with QAR 7,600 in the private sector in 2014). This gap is a large factor in the lack of interest shown by Qataris when it comes to engaging in business activities, as reflected in their low level of participation in the private sector, only representing 12% of Qatar’s active population in 2014.

Against this backdrop, it is clear that there is a need to promote the culture of entrepreneurship by motivating individuals and encouraging society to value entrepreneurial success. On the other hand, while non-Qataris are mostly employed in the private sector, the vast majority of them are contracted under the sponsorship, or ‘kafala’, system.
whereby the employer is responsible for the workers’ visas and legal status, leaving them with relatively little flexibility and opportunity to move between jobs, and even less so to register their own business.

A more enabling business environment would be needed to improve the ease of doing business in Qatar and to encourage more people to engage in private sector activities. As developed further under the business environment component of the competitiveness constraints analysis (also referred to as the ‘four gears analysis’), a number of obstacles hinder the development of the private sector in Qatar. Chief among them, as briefly mentioned above and as confirmed by the World Economic Forum Global Competitiveness Report 2015–2016, are strict labour regulations and the inadequately educated workforce (see figure 40). The World Bank Doing Business survey also indicates that the business community is facing important constraints in Qatar, including factors such as challenges in accessing finance, as well as challenges in accessing electricity and protecting minority investors (see figure 41).

Figure 40: The most problematic factors for doing business in Qatar

<table>
<thead>
<tr>
<th>Factor</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restrictive labor regulations</td>
<td>13.0</td>
</tr>
<tr>
<td>Inadequately educated workforce</td>
<td>12.5</td>
</tr>
<tr>
<td>Inefficient government bureaucracy</td>
<td>11.1</td>
</tr>
<tr>
<td>Inflation</td>
<td>10.4</td>
</tr>
<tr>
<td>Poor work ethic in labor force</td>
<td>10.0</td>
</tr>
<tr>
<td>Inadequate supply of infrastructure</td>
<td>6.8</td>
</tr>
<tr>
<td>Access to financing</td>
<td>6.2</td>
</tr>
<tr>
<td>Tax rates</td>
<td>6.1</td>
</tr>
<tr>
<td>Poor public health</td>
<td>4.8</td>
</tr>
<tr>
<td>Foreign currency regulations</td>
<td>4.3</td>
</tr>
<tr>
<td>Corruption</td>
<td>3.5</td>
</tr>
<tr>
<td>Insufficient capacity to innovate</td>
<td>3.0</td>
</tr>
<tr>
<td>Policy instability</td>
<td>2.9</td>
</tr>
<tr>
<td>Government instability / coups</td>
<td>1.9</td>
</tr>
<tr>
<td>Complexity of tax regulations</td>
<td>1.9</td>
</tr>
<tr>
<td>Crime and theft</td>
<td>1.7</td>
</tr>
</tbody>
</table>


Figure 41: Distance to frontier scores on Doing Business topics (2016)

Note: Score 0 centre, Score 100 outer edge.

12.– From: World Economic Forum (2015). The Global Competitiveness Report 2015–2016. Geneva. From the list of factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between one (most problematic) and five. The score corresponds to the responses weighted according to their rankings.
Implication for the STDR:

- Non-hydrocarbon exports are rising over the past five years but the currently exported products face adverse world trends – the STDR will identify new potential sectors with high long term export growth potential.
- Low export product innovation and market diversification – the STDR to move away from traditional intensification strategies to new products and markets.
- Services are on the rise but yet limited to traditional types of services – the STDR should focus to consolidate the recent developments in the traditional services sector, notably in the transport and tourism industries, but also on diversifying towards higher value services.
- The incoming FDI is unequally distributed amongst the economic sectors – the STDR to target better distribution of FDI through adequate policy adjustments.
- The non-hydrocarbon products’ exporters are predominantly SMEs – the STDR should focus on SME development and strengthening, especially on stimulating entrepreneurial spirit and engaging into exports for non-exporting SMEs.
- Business environment has not been conducive for SMEs to develop – the STDR to increase its focus on business environment constraints.
The ongoing national development plans provide a broad framework for economic and social policy, within which trade policy must fit. This section summarizes the current development orientations, the trade policy itself, and the various trade and investment support institutions (TISIs) meant to operationalize those policies. These represent the players and the guidelines for the design and implementation of the STDR. However, the STDR has also recommended changes to policies and institutions where necessary to improve the business environment and the support exporters receive from public institutions.

NATIONAL ORIENTATIONS AND PRIORITIES

Qatar possesses a strong policy framework that sets broad directions for the development of the country. This framework contains an important number of potential orientations for the country, and is articulated around a vision and a national development plan which give the directions for development priorities.

In 2008, Qatar adopted the Qatar National Vision 2030. This development plan was elaborated by the General Secretariat for Development Planning. This document establishes a diagnosis and sets a roadmap for Qatar’s future development. It rests on four pillars: human, social, economic and environmental development. The main goals are to transform from a resource-based economy to a knowledge-based one, become more environmentally sustainable, and attain diversification from hydrocarbon dependency. This vision was supported by shorter-term plans, including the National Development Strategy 2011-2016. The next plan for 2017–2021 is in currently under preparation.

The NDS is a plan that paves the way for the country’s long-term social and economic goals, concentrating on the economic, social, human and environmental development of Qatar. It identifies the direction around these four development pillars and promotes the idea of achieving identified goals. The main goal is to ensure the growth of the economy, social development and environmental conservation by leading the country’s modernization while preserving its traditions.

The NDS stresses the need for delivery of new services for the population through public–private partnerships. The private sector’s input to Qatar’s economy is relatively small.

Very few private firms outside of the oil and gas sector produce and compete in regional or global markets. QDB in recent years has re-oriented its services to serve a larger base of SMEs. ‘Qatar’s interest in public–private partnerships stems primarily from the planning, technical, implementation and operational expertise that private partners can offer and the beneficial impacts of this expertise on local capabilities and service quality’ (Ibrahim and Harrigan, 2012).

The orientations under the vision and the NDS are shown in the following schematic.
Under the QNV and the NDS, specific ministries have developed sector-specific strategies. However, sector strategies are followed solely by the leading ministry and are not shared among public sector institutions nor publicized. This creates multiple ambitions and orientations which sometimes are not in line with each other. The only publicly available sector-specific policy frameworks are the following: health, tourism and education.

The National Health Strategy 2011–2016 offers a programme of reform aligned to the QNV and that forms the health part of Qatar’s NDS. It defines objectives on how to achieve the National Health Vision and presents changes to the health-care system through specific projects aligned to the goals of the QNV.

The Qatar National Tourism Sector Strategy 2030 is a long-term strategy that will support the development of the tourism industry in the State and offer economic, social, cultural and environmental benefits. The priority areas of Qatar tourism are culture, urban and MICE (meetings, incentives, conferences and exhibitions) tourism; but also sports, health and wellness, nature, education, sun and beach tourism.

**Figure 42: Projected total number of jobs in the tourism sector 2012–2030 (in thousands of employees)**

![Graph showing projected number of jobs](image1)


**Figure 43: Projected tourist arrivals in Qatar 2012–2030 (in millions)**

![Graph showing projected tourist arrivals](image2)

In November 2002, the Emir created the Supreme Education Council. The Council oversees the education system at all levels, from preschool to university level, and implements the reform programme ‘Education for a New Era’. Independent schools financed by the State have emerged in the years that followed the Council’s creation. These institutions are guided by new educational programmes in Arabic, English, mathematics and science (Hasni, 2012).

In 2011, the World Innovation Summit for Education Prize for Education (equivalent of the Nobel Prize) was created in order to emphasize the crucial role of education in all societies; it is a reward of a gold medal and US$500,000 that is given during the annual World Innovation Summit for Education, the premier international platform dedicated to innovation and creative action in education.

The Qatar Science and Technology Park (QSTP) was established in 2004 and is an incubator of start-up technology businesses in such areas as life sciences, oil and chemicals, environment, electronics and software engineering. It attracts the interest of research centres and large corporations such as oil companies (Total, ExxonMobil) and high-tech companies (EADS, Apple, Microsoft).

TRADE POLICY OVERVIEW

Qatar has been a Member of the WTO since January 1996, as well as a member of the GCC, created in 1981. The GCC Economic Agreement was signed in 2001 with the aim of creating a Customs union, including a common external tariff; common Customs regulations and procedures; a single entry point; elimination of all tariff and non-tariff barriers; and national treatment provisions (Article (1) of the GCC Economic Agreement). This Economic Agreement incorporates the establishment of a GCC Common Market and Economic and Monetary Union. According to the WTO:

- intra-GCC trade has grown rapidly since the inception of the Customs union. As a whole, the GCC ranks eighth in total global trade flows, just behind the United Kingdom.
- Qatar ranks third among GCC countries in terms of trade, behind the Kingdom of Saudi Arabia and the UAE.

Additionally, Qatar allows free movement for GCC nationals. The first free trade agreement was signed with Singapore, covering ‘trade in goods and services, Government procurement, rules of origin, and Customs procedures among others’. Membership in the Pan-Arab Free Trade Area, established in 1997, ‘provides the facilitation and development of inter-Arab trade in goods with a view to establishing a Pan-Arab trade area’. Customs duties have been gradually reduced since 1997 with final elimination in 2009 of all agricultural and industrial products’ (WTO, 2014). It includes 18 members.14

Qatar is also a member of the Gas Exporting Countries Forum,15 created in 2001. It is an intergovernmental organization of the world’s leading natural gas producers that together control over 70% of the world’s natural gas reserves. Its headquarters is situated in Doha.

Qatar gained membership in the League of Arab States (created in 1945) in 1971. This multinational Arab organization aims to support the economic, political, cultural, national and religious interests of its member states.

Qatar has signed 52 Bilateral Investment Treaties for FDI with multiple states. Of these treaties, 23 are in force. There are a further 13 regional investment agreements, aiming to develop the international trade and economic relationship between two states or entities: for instance, an Agreement for Trade, Economic, Investment and Technical Cooperation between the GCC and the United States; a Free Trade Agreement between the GCC and the European Free Trade Association states; an Agreement on Economic Cooperation between the GCC and India; etc.

13. Also known as the Greater Arab Free Trade Area.

14. – Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the State of Palestine, Qatar, Saudi Arabia, Sudan, the Syrian Arab Republic, Tunisia, the UAE and Yemen.

15. – Algeria, Bolivia, Egypt, Equatorial Guinea, Islamic Republic of Iran, Libya, Nigeria, Qatar, the Russian Federation, Trinidad and Tobago and Venezuela (Bolivarian Republic of).
More than 20 investment-related instruments have been adopted by Qatar, including:
- The Organization of the Petroleum Exporting Countries Fund Model Agreement (2001)
- Doha Declaration (2001)

Fifty-eight double taxation treaties were signed by Qatar with partner countries to eliminate double taxation in these countries.

Qatar benefits from a number of trade agreements, in particular signed through the GCC with several countries (Singapore, India, Australia, the United States and the European Free Trade Association). A number of agreements are under negotiation, completion of which would considerably facilitate trade transactions between the states: for instance, with European and Asian countries, some of which are important trading partners of Qatar. Therefore, there is still some way to go in improving some of Qatar’s trade policies. On the other side of the equation, Qatari SMEs that are ready to export may not yet be aware of preferential treatment and advantages in partner states. This Roadmap will suggest several activities for capacity-building of SMEs.

REGIONAL INTEGRATION PERSPECTIVES

Of all the above-mentioned alliances and treaties signed, the GCC Economic Agreement succeeded at different degrees in terms of trade integration, labour creation, capital mobility and set up of common standards. Not only geographical proximity, but also similar economic resources, similar political systems, customs, traditions and languages are meant to achieve comprehensive integration between member states. While all GCC countries export oil, they also compete with each other. Further, several issues at administrative and political level remain unresolved, as a result of which the idea of unifying fiscal and monetary policies from which all six GCC countries could benefit is suspended.

An important step forward was taken when the GCC common market was launched in 2008, giving economic equality to firms and citizens across the region’s borders. This also removed obstacles between the movements of goods, capital and labour. However, the level of intra-GCC trade is low at less than 10%, compared with intra-EU trade of 57%. This can be explained by the fact that all GCC countries export oil and gas products outside their own region. Another constraint shared by member states is a weak private sector. The private sector in these countries does not have the boosting power towards innovation and the creation of competitive trends of the private sector in other countries.

According to the World Bank, the GCC is the most advanced example of subregional integration in the MENA region. However, it is more integrated with the rest of the world than within MENA itself. The MENA region covers a large and diverse territory but despite the same language and religion, this region has diverse economic, human and financial characteristics. Compared with the GCC, which has a number of decision-making institutions including the Supreme Council, Ministerial Council and Secretariat General that meet regularly, the MENA region has no institutional foundation to boost regional integration or trade liberalization between states, nor political collaboration.

Collaboration within the region may increase economic welfare and bring more political weight to the global arena from this region but successful economic integration requires policy changes, including structural reform and a specific institutional framework in each country of the region.

In the light of current GCC crisis, SMEs face a unique set of challenges. Therefore, SMEs should develop and adopt strategy, which will play an important role in the internationalization process. However, specific promotion and assistance will need to be provided to SMEs to encourage intraregional trade. The STDR will aim to facilitate these exchanges.

INVESTMENT CLIMATE

Foreign investment represents an opportunity for Qatar to stimulate diversification and knowledge transfer. It could provide local companies with the role models they need to forge their business ideas and company cultures. The Government of Qatar understands this opportunity but remains careful in accepting foreign investment, with the view of protecting the still nascent and fragile local private sector. Favourable conditions are being set for some specific sectors but bottlenecks still exist that limit foreign investment.

A key factor influencing foreign investors’ decision to settle in Qatar is ownership conditions. Qatari companies must be 51% Qatari-owned. An exception is that non-Qatari investors may own up to 100% of shares in priority sectors, if it is permitted by the Ministry of Economy and Commerce (MoEC) or the Qatari Cabinet. These sectors include education, health, tourism, energy and mining, natural resource development, consultancy services, information technology, technical work services, cultural services, sport and entertainment services. Nevertheless, companies can only be 100% foreign-owned if they are installed in the Qatar Financial Centre (QFC) or in a ‘free zone’.

The Qatar Investment Authority (QIA) is a sovereign state wealth fund that specializes in public equity, start-ups, fixed income, private equity, real estate and alternative assets. It is focused on domestic equity and regional investments but is also mandated to invest internationally. In the domestic economy QIA plays an important role through its subsidiaries and holdings in Qatar, contributes to human capital development, and improves the coordination of domestic non-natural-resource-related assets.

As a Member of the WTO, Qatar fully participates in international free trade. To attract foreign investors the State offers advantageous conditions:

- Tax exemptions on corporate tax
- Customs duties up to 5%
- Low rates for gas, electricity and water
- Nominal lease rates
- No import duty on machinery and equipment for industrial projects
- Unlimited quantities of imported materials
- No restrictions on money exchange and transfer of profits abroad
- Tax-free and Customs duty-free inside of free zones and others.

Companies that operate within the QSTP qualify for following benefits:

- Operate as a local company, or operate as a branch of a foreign company
- One hundred per cent foreign ownership
- Can hire expatriate employees
- No taxes
- Duty-free import of goods, services, equipment and tools into the free zone
- Unrestricted repatriation of capital and profits
- Access to cheaper gas and electricity
- More reliable modern facilities
- Consultative services provided for start-ups and companies.

The Qatar Science and Technology Park (QSTP) was created by the Qatar Foundation for Education, Science and Community Development in an attempt to promote investment in technologies and innovations, and to ease the market entry of technology research. This tax-free zone provides facilities and services for private and public research and development. It focuses on companies and start-ups working on energy, the environment, health science, and information and communications technology.

Companies that operate within the QSTP qualify for following benefits:

- Operate as a local company, or operate as a branch of a foreign company
- One hundred per cent foreign ownership
- Can hire expatriate employees
- No taxes
- Duty-free import of goods, services, equipment and tools into the free zone
- Unrestricted repatriation of capital and profits
- Access to cheaper gas and electricity
- More reliable modern facilities
- Consultative services provided for start-ups and companies.

QFC is a single onshore system that offers some free zone benefits and allows 100% foreign ownership. It is focused on financial services and professional services that facilitate entry into the national market for industries including investment and private banking, asset management, reinsurance, consultancy, law and financial services recruitment.

Companies that operate within the QFC benefit from:

- Being fully onshore and dealing in any currency
- One hundred per cent foreign ownership permitted
- Ten per cent corporation tax based on profits
- No limits on repatriation of profits
- Double taxation agreements with more than 35 countries.

There are four Special Economic Zone (SEZs) projects in Qatar, managed by Manateq, which also can provide several (tax-free) benefits: Ras Laffan Industrial City, Mesaieed Industrial City, Dukhan Petroleum City, and Doha Industrial Area. All of them are focused on the manufacturing sector, mainly in oil and gas, and iron and steel industries. Three additional free zones are under construction – Zones One, Two and Three – but each of them will be also focused on manufacturing and related technologies development.

The only free zone established so far is the QSTP, created by the Qatar Foundation for Education, Science and Community Development in an attempt to promote investment in technologies and innovations, and to ease the market entry of technology research. This tax-free zone provides facilities and services for private and public research and development. It focuses on companies and start-ups working on energy, the environment, health science, and information and communications technology.
A number of changes need to be made in order to improve the business environment in Qatar. Since 2012, a number of business reforms have been put in place, including:

- Qatar made starting a business easier by combining commercial registration and registration with the Qatar Chamber of Commerce and Industry (QCCI) in a one-stop shop (2012).
- Qatar improved its credit information system by starting to distribute historical data and eliminating the minimum threshold for loans included in the database (2012).
- Qatar reduced the time to export and import by introducing a new online portal allowing electronic submission of Customs declarations for clearance at the Doha seaport (2013).
- Qatar made paying taxes easier for companies by eliminating certain requirements associated with the corporate income tax return (2014).
- Qatar reduced the time for border compliance for importing by reducing the number of days of free storage at the port and thus the time required for port handling (2016).

More changes need to be made, particularly in the areas where Qatar ranks low in the World Bank Doing Business rankings: for instance, facilitating getting electricity, protecting minority shareholder investors and enforcing contracts, among others.

However, beyond creating a favourable business environment, the Government of Qatar must broadcast the advantages of doing business in Qatar to those companies considering international expansion. Some companies will invest without any Government information or assistance; some will not invest under any circumstances; and some are in between those two extremes, where they might be persuaded to choose Qatar over other locations in the region if the right information and assistance is provided to them at the right time.


Identifying investors in this last group, securing meetings with them, and persuasively making the case for one’s country in the region over others is known as investor targeting, and it is arguably the most difficult function for the typical investment promoter to perform. One of the main reasons for this is the difficulty in identifying investors with high potential. Before each investor is approached, the investment promoter should take the time to ‘qualify’ the investor. This means researching the company to see that its products and markets correspond to Qatar’s strengths and that it is at a strategic and financial point where international expansion is likely. In this regard, the STDR will not only focus on improvement of the business environment but also reinforcement of the capacity of investment promoters within institutions.

Implication for the STDR:

- Lead public institutions develop internal policies in isolation – the STDR should focus on developing consulted and open policies that foster inter-institutional and public-private coordination.
- Large number of preferential agreements in place – the STDR to focus on sensitization of non-exporting and exporting SMEs on preferential market access possibilities.
- Intra-regional GCC trade remains limited – the STDR to prioritize regional trade in sectors that represent high potential.
- FDI entry policies are not fully transparent and vary between different economic sectors preventing diversification and knowledge inflow – the STDR to propose specific adjustment to investment policies and to increase promotion of Qatar as a destination for FDI in the GCC region.
THE TRADE SUPPORT NETWORK FAILS TO CATCH UP WITH A RAPIDLY GROWING ECONOMY

THE TRADE AND INVESTMENT SUPPORT INSTITUTION STRUCTURE

TISIs play a crucial role in building trade competitiveness. They support the implementation of development plans and strategies. A strong, comprehensive institutional framework is important to achieve strategic goals and to develop a vision of trade development roadmaps. The institutional support provided by TISIs constitutes the trade support network in the country. There are three types of TISIs in Qatar.

The policy support network represents ministries and authorities that are responsible for policy development and implementation in the country.

MoEC provides policy guidance and services related to business and trade development, monitors commercial and business activity, supports and develops exports, secures competitiveness, and works to facilitate the trade environment and protect the consumer. In addition to its role and efforts to encourage domestic investment and attract Foreign Direct Investments (FDIs).

The Ministry of Foreign Affairs intensifies international cooperation and development efforts in diverse fields, and assists with the planning and implementation of foreign policy.

The Ministry of Finance (MoF) is responsible for the preparation and implementation of the State budget, collection of public revenues (taxes and fees), and enhancing cooperation and coordination with other authorities in the preparation of plans for economic and social development.

The General Authority of Customs provides Customs services by developing a control system on the border, implementing laws and regulations, issuing permits and licences, fighting smuggling, etc.

The Ministry of Municipality and Environment (MoME) is tasked with implementation of initiatives related to environmental and municipal affairs.

The Ministry of Energy and Industry (MoEI) is responsible for planning and controlling the realization of strategies in oil, gas and relevant industries.

The Qatar Tourism Authority (QTA) is in charge of all aspects of the tourism industry related to product development, destination marketing and promotion of different types of tourism abroad and in Qatar. It develops, regulates and promotes tourism internally and externally; supervises all aspects of tourism activities; and works to reveal the features of civilization, culture, heritage and tourism characteristics of the State.

The Ministry of Transport and Communications, created by fusing the Ministry of Information and Communications Technology with the Ministry of Transport, is responsible for developing transport services and communication; innovative technologies; and information and communication technology plans, policies and initiatives in Qatar.

MoDPS is responsible for the preparation of national development strategies and policies, and their implementation and follow-up. It is also in charge of leading statistical research and publishing statistical data.
The Ministry of Administrative Development, Labour and Social Affairs (MoADLSA) is tasked with managing the labour market; developing policies; planning the employment of manpower; providing social welfare, security and assistance services; and developing and implementing social development programmes.

The Ministry of Culture and Sport administers sport development and related initiatives as well as development programmes for youth.

The trade support network provides a wide range of trade-related services to the public and private sectors.

QCCI facilitates economic development and stimulates commercial, industrial and agricultural interests to support the development of a modern international trade system and ease international investment.

QDB, a Government-owned financial entity, serves to invest and develop local industries by supporting SMEs; by assisting with access to new markets through export promotion, development and financing; and by providing financing solutions and value added services through direct/indirect financing and advisory services. Within QDB, Tasdeer is a subdivision tasked with export development and promotion (organizing training workshops, market studies, export/import links and developing exporters’ directories, exhibitions, etc.)

The QIA is an investment institution (sovereign wealth fund) specializing in domestic and foreign investment. It supports the development of economic diversification.

The Qatari Businessmen Association supports the development of the business environment through a number of activities such as business consulting, organization of business development meetings, creation of regional and international alliances to boost the Association’s activities, and providing technological services (designing, expanding and enhancing the electronic website for the Association).

The Qatari Business Women Association is a platform that aims to empower Qatari businesswomen; strengthen cooperation, trading and economic interrelations; develop training programmes; and encourage Qatari women to effectively contribute to the establishment of small-scale business and artisan activities.

The Qatar Business Incubation Centre (QBIC) encourages entrepreneurs to develop their companies through business incubation programmes and services, providing coaching and consultative services.

The Qatar Central Bank (QCB) is a regulatory financial institution whose purpose is to develop and support the national economy in cooperation and coordination with the relevant ministries and Government authorities.

The Credit Bureau provides reliable and accurate credit information to enable relevant authorities to make the right credit decisions.

The business services network comprises representatives of commercial services providers assisting with trade transactions.

The Qatar Financial Centre Regulatory Authority (QFCRA) is the independent regulator of the QFC, with an assignment to regulate companies and individuals running financial services in or from the QFC. Its objectives are to maintain financial stability and avoid systemic risk through efficiency, transparency and integrity in the QFC.

Future Gate Business Services provides services to new or existing companies, including commercial registration, legal consultation, document attesting, embassy and immigration services.

TMF Group Qatar is a global business operator that provides all kinds of business services from management accounting and corporate governance to tax compliance and value added tax services.

The QSTP – part of the Qatar Foundation Research and Development – is a technology development incubator that supports innovation and entrepreneurship and accelerates research commercialization. It covers a range of services from provision of capital for start-up technology companies and comfortable facilities to coaching and mentoring for new firms and others.

Nama is a non-profit, social and development organization under the Qatar Foundation for Education, Science and Community Development that offers extensive services including career training programmes.

Silatech is an international social initiative that connects young people and expands their opportunities for employment, enterprise and civic engagement by engaging in knowledge transfer and enhancing networks, investment and technology in the region.

Roudha Centre for Entrepreneurship and Innovation is an entrepreneurship initiative that provides innovative programmes and advocacy efforts targeting youth and Qatari women.

Qatar Leadership Centre is a national platform to support leadership excellence in support of the development goals of the State of Qatar by creating knowledge for the QNV four pillars development goals.
Qatar Skills Academy offers a range of internationally recognized programmes and courses to develop career pathways leading to university degrees.

INJAZ Qatar is a member of the international organization Junior Achievement Worldwide that aims to educate students about entrepreneurship, financial literacy and workforce readiness through programmes for students from Grade 7 to university level.

ANALYSIS OF TRADE SUPPORT NETWORK EFFECTIVENESS

A number of key institutions listed above play a critical role in the development of the private sector. Some of them provide a wide range of services for SMEs including information, training and coaching, advisory, funding, technical skills and capability development. In some cases services provided by entities are similar and there is no single management framework that provides direction for the coherent development of the services that are needed for private sector development.

Lack of collaboration and interaction between ministries and Government entities

Institutions provide a diversity of services to enterprises, but every ministry has its own mandate and often they have conflicting priorities. New projects are launched in a hurry without looking for input from other entities who work on related matters and could make a significant contribution to increasing the quality of a project and its outcome. However, several ministries are linked with others for specific projects: for example, the General Authority of Customs works in collaboration with MoME and the Supreme Council for Health in order to get their approval for certain products; and MoME cooperates with the Supreme Council of Health and Supreme Education Council.

Weak relationship between industry and education

It is clear that some critical linkages are missing. There is not a single curriculum on entrepreneurship developed in Qatar and there is a gap between education and required work skills. For instance, there is a high demand for qualified highly skilled technicians, managers and professionals, but there is a limited number of study programmes to fulfil these needs. University programmes are not directly aligned to market demand and cannot provide knowledge and develop skills for these professions. Meanwhile there is no vocational training and young professionals are missing technical skills, training and experience when they start work. QDB is currently working in partnership with universities to develop entrepreneurship curricula and will subsidize the cost of them but is the only entity doing so.

Lack of coordination for services and their duplication

A higher level of trust between stakeholders can provide sustainable and faster development of the private sector. Collaboration, networking and interaction between different entities have not been developed and each institution tries to diversify the services provided for enterprises by itself. Organizations do not share information between themselves and often their services are similar. Survey results indicated that, in terms of governmental entities, the only example of successful stakeholder collaboration is the Qatari e-Government initiative that delivers electronic and integrated public services through an interlinked Government agencies portal, which facilitates interactions between citizens, business and Government.
Information flow between entities and towards the private sector is not consistent

There is no single, unified communication and information-sharing portal about services provided by different entities for SMEs, which would gather all the latest relevant information about services and opportunities for private sector development. For instance, QDB offers the most services for SME development. It has a site that gives information about each of its services and some links to other sites, but for other services information has to be found on various individual sites.

Implication for the STDR:

- Large variety of TISIs and services provided to SMEs, in disconnect with private sector – the STDR to support the SME Development Partners’ Network initiative and to incorporate public-private dialogue mechanisms to ensure constant channelling of information.
Qatar has experienced outstanding economic growth over the past two decades, relying on the exploration and production of hydrocarbons as the main source of exports and fiscal revenues. Recent steep falls in oil prices have contributed to the realization that the economy is vulnerable to volatility in the global hydrocarbons market and the even stronger need for diversification. Qatar has taken steps to anticipate the transition to a knowledge-based economy but at present export diversification remains limited.

Stimulating the growth of the SME sector will be vital to spearhead the long-awaited diversification but constraints need to be addressed on multiple fronts. SMEs represent the seeds for diversification as they correspond to the entirety of the non-oil-and-gas economic sectors today. However, it will be important to prioritize support to the areas which have the most potential for success. It will also be important to resolve the current bottlenecks that prevent their development. A lot of these bottlenecks are related to the nascent nature of the SME sector in Qatar, such as the lack of entrepreneurial spirit, the misalignment of the business environment with the needs of SMEs and the lack of incentive to export. Others are rather structural, such as the coexistence of comfortable public sector employment with still relatively precarious entrepreneurship.

Considering the pressing need to unlock the potential of SMEs and to operationalize the economic transition, this STDR aims to provide practical orientations around a dual objective. First it gives a set of concrete, realistic and measurable initiatives to improve the SME ecosystem and facilitate firms’ operations at the national level, answering the current constraints. Second, it prioritizes specific sectors of the economy which represent particular potential and that have been selected through a set of commonly agreed criteria. These criteria encompass quantitative factors such as export potential and existing demand, and key qualitative aspects such as the possibility for the sector to substitute imports and integrate local value chains, as well as societal and environmental benefits. Priority sectors represent inherent success potential for SMEs willing to engage in them, as they offer a unique proposition of Qatar vis-à-vis its peers and they foster innovation and a highly skilled economy.

The orientations of the STDR can be summarized as follows:

**Vision:**
Enabling environment for diversified value added products and services to the world

- **Strategic objective 1:** Stimulate entrepreneurial mindset and skills in Qatar
- **Strategic objective 2:** Improve operating conditions for enterprises
- **Strategic objective 3:** Open the country to foreign investment to inspire diversification
- **Strategic objective 4:** Encourage firms to export through acquired market intelligence

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<th>Agro-industry (vegetables and fruits, fresh and processed)</th>
<th>Renewable energies</th>
<th>Petrochemicals</th>
<th>Business tourism (MICE)</th>
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THE VISION AND STRATEGIC OBJECTIVES

The following is a delineation of the proposed vision and strategic approach in this direction, agreed with all national trade stakeholders in Qatar.

«Enabling environment for diversified value added products and services to the world»

The vision set up for the STDR is delineated in four strategic objectives built around the key areas where action is required over the following five years.

Strategic objective 1: Stimulate entrepreneurial mindset and skills in Qatar

The recent nature of private sector activity and entrepreneurship in Qatar has not allowed the country to have a well-established entrepreneurial spirit, nor to develop business management skills. To ensure that the private sector is sufficiently dynamic to serve as an engine for diversification, it is therefore necessary to stimulate entrepreneurship through targeted efforts. Thus the first strategic objective is focused on this area and is delineated through the following operational objectives.

1.1. Develop a nationwide SME competition programme.
1.2. Establish a ‘public to private’ transition scheme.
1.3. Build capacities of SMEs in entrepreneurship skills and soft skills.
1.4. Increase HR management capacities of firms and in-house capacity-building.
1.5. Improve the capacities of firms to select appropriate technologies.
1.6. Reinforce and reorient incubators and excellence centres in upcoming SEZs.

Strategic objective 2: Improve operating conditions for enterprises

Unblocking the business environment for firms’ operations will be another key area of focus as it is currently one of the major bottlenecks for SME development. Putting in place stronger institutional coordination will be the first requirement, through the current initiative of the SME Development Partners Network (SDPN). In addition, financial services, regulations and quality management infrastructure will need to be adjusted to the actual needs of SMEs. Sector-specific policies will further need to be developed to target support in priority sectors. This translates to the following operational objectives.

2.1. Develop a well-coordinated private sector institutional support framework.
2.2. Facilitate access to supporting services for SMEs.
2.3. Widespread SME-specific assistance provided by financial institutions.
2.4. Facilitate workforce regulations and management systems.
2.5. Pursue the modernization of regulations to respond to the needs of the private sector.
2.6. Develop a clear and accessible quality management system.
2.7. Multiply sector-specific policies and analyses.

Strategic objective 3: Open the country to foreign investment to inspire diversification

FDI is much needed in Qatar as a vehicle of innovation and diversification. It also has an inspirational value for local enterprises. Entrepreneurship being a fairly new endeavour, SMEs are in search of models to relate to. Foreign firms are also a stimulating factor as they push firms to improve their performance through higher competition in the country. In order to attract this much-needed FDI in new areas of the economy, the conditions for FDI must be further facilitated. Foreign investors also need to be better integrated into local structures and connected with local firms. In order to achieve this, the following operational objectives are outlined.

3.1. Adjust investment attraction policies to focus on priority areas.
3.2. Build capacities of institutions to attract key investors to the country.
3.3. Develop cooperation frameworks between local SMEs and foreign investors.

Strategic objective 4: Encourage firms to export through acquired market intelligence

Currently, very few SMEs have the courage to engage in exports. Exporting requires a very specific set of skills which are currently lacking. It also leads to a confrontation with unknown environments. Currently Tasdeer is tasked with improving these specific skills within exporting companies. This strategic objective is therefore oriented to reinforcing the capacity of Tasdeer to deliver its services and to improve the capacity of QTA to develop a national branding that could be used for Qatari products. The following operational objectives will lead to this outcome.

4.1. Enhance institutional capacity to support enterprises to export.
4.2. Develop a nationwide branding initiative.
An STDR aims to address these constraints and opportunities to achieve maximum export impact in the country. Given that resources for export development are limited, an STDR cannot target all the economic sectors of the country, thus requiring the setting of priorities. Defining priority sectors permits the relevant and realistic allocation of resources for export development; the STDR will be targeted rather than being a wish list. Moreover, priorities contribute to creating focus and achieving tangible results.

DEFINING A SECTOR FROM THE STDR PERSPECTIVE

Based on the value chain approach, a sector may be considered as a product, cluster or family of products that share common production, supply, marketing and consumption patterns. The broad nature of this definition is intentional and necessary, reflecting the specific context prevailing in any given country, i.e. whether a sector denotes a product, a subset of a family of products or a cluster of products depends on a variety of factors both endogenous (including maturity, linkages with other sectors, etc.) and exogenous (world demand, trends and forecasts, etc.). These have been elaborated in detail below and reflect the criteria based on which STDR priority sectors have been selected.

SELECTION CRITERIA

In answering the question ‘What are important criteria to consider when selecting priority sectors?’, a number of parameters – both quantitative and qualitative – were discussed and agreed upon at the first stakeholders’ consultation held in Doha on 20 and 21 April 2016. These criteria were then weighted according to their level of relevance, (from one to three, where three indicates high relevance). These parameters are detailed below.

Export performance

This parameter reflects the current export performance of the sector considered, looking primarily at export growth trends. Trade Map intelligence provides a range of information in this regard, including latest export figures, growth trends per sector, trade balance, global market share, distance from target markets, level of competition in target market, etc.

Demand

This criterion identifies those products with the highest export potential for a partner market/region, as well as the overall world market. This parameter is of utmost importance as the approach for priority sector selection is market-led.

Potential for locally integrated value chain

Prevailing cost structures – including unit labour, production, technology and equipment costs, as well as costs involved in procuring support infrastructure such as electricity and water – affect the overall competitiveness of a sector. Upstream and downstream linkages with other sectors are also important. In addition one of the key goals for the country is to alleviate the negative non-hydrocarbon trade balance which is why favouring sectors that enable localization will be key.

Societal benefit

As per the Organisation for Economic Co-operation and Development definition, ‘social benefits are current transfers received by households intended to provide for the needs that arise from certain events or circumstances, for example, sickness, unemployment, retirement, housing, education or family circumstances.’
Environmental friendliness

This parameter measures the impact on the environment of a particular sector, taking into consideration factors such as air and water pollution, level of greenhouse gas emissions, energy consumption, use of renewable and/or green technologies, environmental sustainability of the sector’s activities, etc.

Self-sustainability

This criterion measures the degree to which the sector can sustain itself without external support and, most importantly, its capacity to achieve long-lasting successful economic performance.

High tech / high skill

This measures the degree of sophistication of the goods or services produced by a sector and the level of knowledge, skills and competencies required. This criterion is of particular importance given the Government’s objective of developing a knowledge-based economy with a progressive rotation of employment from low-productivity sectors into higher-productivity ones.

Innovation potential

There is a need to generate innovations that can be applied to expand the range of products and services produced. In this regard, the parameter assesses the potential of a sector to move up the value chain and its capacity to achieve the production of innovative, higher value added products, notably through R&D activities. This is particularly relevant for those sectors that could be plugged into global value chains.

SME development potential

Since SMEs are among the key beneficiaries of the STDR, it is of utmost importance to take into consideration the likelihood of Qatari MSMEs to engage in a given sector. This parameter notably measures the ability of MSMEs to benefit from opportunities for participation in local and, in the longer term, global value chains.

LIST OF PRIORITY SECTORS

The following sectors have been identified as STDR priority sectors:

- Renewable energies
- Insurance services
- Agro-industry (vegetables and fruits, fresh and processed)
- Petrochemicals
- Leisure and entertainment tourism
- Business tourism (MICE)

Renewable energies

Renewable energy is generally defined as energy that is collected from resources which are naturally replenished on a human timescale, such as sunlight, wind, rain, tides, waves and geothermal heat. Accordingly, the main technologies include wind power, hydropower, solar energy, geothermal energy and biofuels.

The development of renewable energies in Qatar is very much in line with the Government’s efforts to progressively move from ‘an economy based on non-renewable resource inputs to one in which productivity growth and eventually innovation underpin prosperity’. Indeed, with the Government recognizing in its QNV that ‘the rights of future generations would be threatened if the depletion of non-renewable resources were not compensated by the creation of new sources of renewable wealth’, seeking alternative sources of energy appears to be a priority to enhance the future energy mix of the country while ensuring the long-term sustainability of economic growth. Renewable energies also present opportunities for Qatar to reduce carbon emissions, the country being by far the largest polluter in the world in terms of CO₂ emissions per capita with an estimated 44.0 tons per capita.

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As highlighted in the Qatar NDS, the greatest potential for renewable energies lies in solar energy, even if ‘other technologies may play a part depending on still-evolving technological and economic parameters’. Supported by significant investments, developing state of the art renewable energy technologies could also give Qatari industries a significant economic advantage given the booming international demand for these technologies. However, as the sector is in an infant stage of development, concerted effort in the form of institutional support, sector development and market intelligence will be required to be able to reach a relatively high degree of maturity and sophistication.

The sector currently faces the following key constraints:
- Renewable energy is very much in its infancy in Qatar and has not been considered a priority so far given the country’s healthy feedstocks;
- There is no renewable energy legislation in place in Qatar and no renewable energy target or vision for the sector;
- Absence of a high-profile champion of renewable energy that could help boost the sector;
- Currently there is a lack of storage capacity for electricity coming from the renewable energy sector.

Tourism: leisure and entertainment tourism, and business tourism

As indicated in a recent document published by the World Tourism Organization, the prospects for international tourism in the Middle East are promising, as international tourist arrivals in the region are estimated to have grown by 3 million in 2014 to reach 51 million, showing signs of recovery after three difficult years. In relative terms, the Middle East was the fastest-growing region with a 6% increase in receipts that year, capturing 5% of worldwide arrivals and 4% in receipts.

In Qatar significant developments have recently been observed in the tourism sector as a whole as international tourist arrivals dramatically increased from 2009 onwards to reach 2.8 million in 2014. Such growth was confirmed by the trend in spending as international tourism receipts have grown at an impressive CAGR of 67.5% over the period 2010–2014, from US$ 583.5 million in 2010 to US$ 4.6 billion in 2014 (see figure 44). That year, the share of travel activities – i.e. all the diverse services consumed by tourists visiting the country excluding international carriage expenses – in Qatar’s total commercial services exports represented 35.9% in 2014, second only to the transportation industry (50.3%).

The future orientation for the sector is to be geared towards diversification of tourism offerings as confirmed by the Qatar National Tourism Sector Strategy 2030 launched in 2014 by the QTA. Of the several prospects that have been explored during the first stakeholders’ consultation, two sub-sectors have been identified as priorities, namely leisure and entertainment tourism, and business tourism.

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23. Ibid., p. 85.

Figure 44: Travel exports from Qatar, 2005–2014 (US$ millions)

Sources: ITC, UNCTAD, WTO joint dataset.
Leisure and entertainment tourism

Opportunities exist for Qatar to become a regional hub for leisure and entertainment tourism. Priority segments of tourists to draw to Qatar have been identified in the Qatar National Tourism Sector Strategy 2030 in this regard, namely ‘Arab families seeking leisure and entertainment, i.e. families seeking entertainment in a well-catered destination in which each member of the family can find corresponding opportunities for leisure and recreation’. Important for the development of this type of tourism is the development of adequate infrastructure such as resorts, theme parks and entertainment centres that provide exciting attractions to visitors from the subregion.

The sector currently faces the following key constraints:

- Leisure and entertainment tourism is facing high competition from other GCC countries, particularly from the UAE and Dubai;
- The sector lacks a star, or signature, attraction to draw visitors to the country;
- Generally, Qatar is lacking adequate infrastructure such as resorts, theme parks and entertainment centres that provide exciting attractions to visitors from the subregion;
- Absence of a clear strategy, specific to the development of leisure and entertainment tourism.

Business tourism (MICE)

‘With the country already hosting scores of international events and boasting first-class exhibition venues, Qatar is solidly carving for itself a place on the global map as a premium destination for business tourism’.24 This statement from the Qatar National Tourism Sector Strategy 2030 reflects the country’s desire to become a major in the industry, taking advantage of its key geographic location and its emerging role as an important international transportation hub.

Also referred to as MICE tourism, business tourism has been identified as one of the priority areas of Qatar tourism as part of its diversification strategy. The idea is to ‘attract business tourists to come to Qatar to attend any of its year-round schedule of expos, shows, conferences and business events’.25 Although this type of tourism already exists in the country, a targeted strategy for the development of the sector would be needed, notably to continue developing convention centres and related exhibition infrastructure and to develop targeted market strategies.

The sector currently faces the following key constraints:

- As for the leisure and entertainment segment, business tourism is facing high competition from other GCC countries, particularly from the UAE and Dubai;
- Convention centres and related exhibition infrastructure should be further developed;
- A targeted strategy for the development of the sector would be needed.

Insurance services

The booming international demand for insurance services offers promising opportunities for investors and exporters operating in the sector. From US$ 77.6 billion in 2005, the world’s imported value of insurance and pension services has more than doubled over the past decade to reach US$ 182.7 billion in 2014, supported notably by the increased liberalization of trade in the sector.

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25. – Ibid.

Figure 45: Insurance and pension services exports from Qatar, 2005–2014 (US$ millions)

Sources: ITC, UNCTAD, WTO joint dataset.
Though from a very low base, exports of these services from Qatar have steadily increased since 2008, expanding at a strong CAGR of more than 50% over the period 2008–2014, from US$ 71 million worth of insurance services exported in 2009 to US$ 863 million in 2014 (see figure 45). Although the sector is still in its infant stage, it has emerged as the third commercial services industry in Qatar, accounting for roughly 7% of the country’s total commercial services exports.

While prospects are promising, significant efforts will have to be made to allow insurance services to capitalize on opportunities and integrate higher up in global value chains.

The sector currently faces the following key constraints:
- Engineering and energy are the main lines that have experienced rapid growth and also carry the highest underwriting risk, particularly in terms of loss severity (Moody’s);26
- Insurance services being relatively new, a specific regulatory framework would be needed to regulate the activities of the sector.

Agro-industry (vegetables and fruits, fresh and processed)

According to the Qatar NDS, agriculture accounts for a mere 4% of available land in Qatar and it is estimated that only 15% of the country’s food is supplied domestically. Very small quantities of fruits and vegetables are being traded, consisting primarily of fresh plantains, pineapples, dates and mushrooms.

The major challenge faced by the agricultural sector in Qatar is water overconsumption, mainly due to excessive cultivation of water-intensive crops and inadequate irrigation methods, notably flooding fields. Changing water consumption patterns in agriculture is vital, requiring a fundamental and prolonged reorientation of farming practices.27 In line with the Government commitment to finding solutions within a ‘wider programme of agricultural reform and the development of an agro-food industry’, it is believed that significant opportunities exist to modernize the agricultural sector in Qatar, namely by developing modern and innovative agricultural methods and adequate irrigation systems; and hydroponic (a method of growing plants using mineral nutrient solutions, in water, without soil) and aeroponic (a process of growing plants in an air or mist environment without the use of soil or an aggregate medium) techniques. More widespread use of greenhouses should also be promoted.

Developing an agricultural sector that is well adapted to the specific conditions in Qatar will allow the country to improve the productivity of its agriculture, reduce its dependency to food product imports and emerge as a trade partner for vegetables and fruits, fresh and processed, notably in the region. This strategy will be part of the wider Qatar NDS that aims at formulating, over the longer term, solutions to agricultural water issues ‘in a wider framework of the commercialization of sustainable farming methods and domestic agro-food products’.

The sector currently faces the following key constraints:
- Low agricultural yields, partly because of farming methods that are outdated or badly matched to local conditions. The low use of fertilizers and modern farm machinery notably reduces the sector’s efficiency.
- The sector’s output is extremely limited as it is estimated that only 15% of the country’s food is supplied domestically.
- Unsustainable farming methods causing enormous irrigation losses: aquifer water is largely wasted through open field irrigation methods for crops of low value. Treated water supplies are also completely unused.
- Inappropriate pricing mechanism: currently a fixed maximum price is applied to local produce in order to protect consumers, which does not allow producers to have a sufficient profit margin.
- Inadequate mix of crops: excessive cultivation of water-intensive crops that are not adapted to local conditions.
- Agriculture makes heavy demands on water, disproportionate to the value created by the sector.
- Land scarcity (agriculture accounts for 4% of available land).

Petrochemicals

Petrochemicals, also called petroleum distillates, are chemical products derived from petroleum or natural gas. Petrochemicals are used to produce a wide variety of materials, such as plastics, explosives, fertilizers and synthetic fibres. In Qatar, key petrochemical products include polymers of ethylene in primary forms, used in plastics; and inorganic chemicals, including hydrogen and rare gases and ammonia, used to make the fertilizer urea. Significant quantities of chemical fertilizers are also produced in Qatar. Supported notably by the supply of cheap hydrocarbon feedstock and energy, the downstream petrochemical industry has reported rapid expansion in recent years, boosting the growth of the broader manufacturing sector. In terms of international trade, these products, i.e. plastics and articles thereof, fertilizers and inorganic chemicals, represent a significant share of Qatar’s non-hydrocarbon exports, accounting for 3.7%, 2.2% and 1.3% of the country’s total exports in 2015, respectively (see figure 46).

26.– Moody’s Investors Service (2015). Moody’s: Qatar is the fastest growing GCC insurance market and is likely to continue its rapid growth, 4 March. Available from https://www.moodys.com/research/Moodys-Qatar-is-the-fastest-growing-GCC-insurance-market-and--PR_319679.
Exploiting Qatar’s rich hydrocarbon endowment and building on the technical know-how in the area, efforts should be made to further develop and strengthen the petrochemical industry. This should be done by developing new, innovative products such as biodegradable plastics, with a view to giving Qatar a competitive advantage while being fully cognizant of the fact that other GCC countries in the region are pursuing diversification in petrochemicals.

The sector currently faces the following key constraints:

- The fact that many GCC countries, notably Saudi Arabia, are focusing on diversification in petrochemicals represents a risk.
- Similarly, there is a risk of channelling resources into the same sectors, with each country falling short of achieving an efficient scale of production (Qatar NDS).
- The petrochemicals industry is an energy-intensive industry, generating two immediate environmental impacts: increased greenhouse gas emissions and greater local pollutants and associated risks. The Qatar NDS indicates that petrochemicals are responsible for 18% of the CO₂ emissions related to fuel combusted during energy production.
- Petrochemical industry activities generate a significant quantity of waste.
- The sector is currently represented by disparate SMEs buying raw material from large oil and gas companies. It is very difficult for them to place orders due to limited quantities of the raw materials they require. No bulk purchase mechanism exists.
CROSS-SECTORS TO BE CONSIDERED

Based on the preliminary diagnostics presented and on the private sector’s key competitiveness constraints identified during the first stakeholders’ consultation, the following cross-sector functions have been preselected as priorities for Qatar’s STDR:

- Skills development
- Logistics and trade facilitation
- Trade information

Skills development

Developing skills will be an absolute prerequisite to transitioning to a high-skilled and knowledge-based economy. Specific requirements also include the development of a TVET system and university courses that are aligned with the envisioned directions for sectors’ development.

Logistics and trade facilitation

Logistics, trade infrastructure, procedures and processes have been identified as an additional key bottleneck affecting SMEs in the country. As a first step to favour development of exports in the GCC region, it will be essential to streamline road and railway infrastructure to ensure easy transit of exports.

Trade information

Trade information and intelligence will be vital for developing exports. Currently trade data is provided by Tasdeer, the trade promotion organization within QDB. However, the reach of Tasdeer needs to be increased and its presence in key markets reinforced. In addition, for specific economic sectors to emerge, sector-specific information will also be needed. Competitive intelligence in these specific sectors will be a vital tool for Qatari SMEs to maximize their chances when engaging in exports.
PROPOSED INITIATIVES
# NATIONAL PROPOSED INITIATIVES

## Strategic objective 1: Stimulate entrepreneurial mindset and skills in Qatar

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| **1.1 Develop a nationwide SME competition programme.** | 1.1.1 Develop a competition sub-programme affiliated to ‘Alfikra’ to focus specifically on new SMEs. The programme would have two focus areas:  
- Potential SMEs (business idea stage)  
- Recently established SMEs  
The programme would offer a reward through subsidizing office space or industrial premises provision, as well as offering consultancy services and promotion.  
The selection would be made by a committee of representatives led by QDB and involving Nama, Silatech, QBIC, QTA, Qatar National Research Fund, QCCI, QSTP, Marateq and Bedaya.  
In both of these broad categories an award would be given by subcategory: ‘young entrepreneur’, ‘innovation’, ‘public to private reconversion’, and others as defined by the committee.  
1.1.2 On the “Potential SMEs” competition, the researched success factors would be the following:  
- Feasibility and practicality of the business idea and workplan  
- Financial sustainability and inclusion of key costs such as machinery maintenance, R&D, etc.  
- Market analysis strength and relevance  
- Export focus  
- Self-investment foreseen (employee training, etc.).  
Soft skills would be assessed by a QDB selection committee, and motivation level of the candidate will be assessed.  
1.1.3 On the “Recently established SMEs” competition, the researched success factors would be the following:  
- Success of the business idea and accountability figures  
- Success in target markets and status of demand  
- Investment in employees’ skills / HR management  
- Export readiness / performance.  
Soft skills would be assessed by a QDB selection committee, and motivation level of the candidate will be assessed.  
1.1.4 Reinforce the promotion of the competition programme through Nama, QDB, Silatech, QBIC, QSTP, Manateq websites, and through quick TV/radio adds. |
| **1.2 Establish a ‘public to private’ transition scheme.** | 1.2.1 Develop an incentive scheme for full transition from the public to the private sector.  
The scheme would allow for the continuation of the payment of the salary of the previous public employee for a maximum period of three years.  
The scheme would be open to people already engaged in a private sector initiative as a sideline in addition to public sector employment, as well as those willing to start a business.  
However, once the scheme starts, the person would be released from his / her public sector duties during the time of the scheme’s validity.  
1.2.2 Establish conditionality of renewal of the scheme after the end of the first year based on the performance and achievements of the endeavour.  
If by the end of the first year the process is going as per the development plan, a second year of subsidy would be allowed.  
This assessment would be then repeated one last time at the end of the second year for a potential third renewal.  
1.2.3 In the case of failure, the employee would be allowed to reintegrate into the public sector but would not be entitled to benefit from the scheme again.  
1.2.4 Make the transition scheme available to employees leaving into retirement and advertise it among employees.  
1.2.5 Develop a gradual reduction plan for the public sector subsidy over five years.  
1.2.6 Extend social security protection to the citizens of Qatar working in the private sector. |
| **1.3 Build capacities of SMEs in entrepreneurship skills and soft skills.** | 1.3.1 For all coaching and capacity-building programmes on business management practices aimed at middle / high-level managers and owners instore a requirement of assessment of the level of implication and involvement of the Qatari owner of the enterprise and pursue further training only in the case the level of implication is judged sufficient.  
The regular presence of the owner at the training sessions is to be established as conditionality for participation of the enterprise to the training.  
1.3.2 Develop a targeted training for Qatari citizens involved in the private sector, focused on performance monitoring.  
1.3.3 For the trainings above, select and invite successful small entrepreneurs from the GCC region to give seminars about their path to success, their mistakes and ideas, and how they handled them. |
Strategic objective 1: Stimulate entrepreneurial mindset and skills in Qatar

Operational objective 1.4 Increase HR management capacities of firms and in-house capacity-building.

Activities

1.4.1 Develop cloud-based software for HR guidelines and regulations to be implemented by SMEs. Store all relevant local laws, international compliance standards and global best practices on the website, as well as manuals and guidelines.

1.4.2 Support companies in developing HR policies and practices – after comprehensive review of applicable local laws, international compliance standards and global best practices.

Promote the integration of professional development within firms’ HR sections and enable exchanges with fast-developing international/regional companies that provide such services to their staff.

1.4.3 Support firms to create a proper working environment, incentivizing workers to gain skills and develop in companies.

• Train recruiting staff to identify proper soft skills sets during interviews (for all types of roles – from operators to managers)
• Train recruiting staff on HR practices (job description development, planning and incentivizing, etc.)
• Establish collaboration with leading international institutes to transfer ideas on company corporate subculture management
• Increase career growth opportunities for operators (and incentivize through merit-based salary growth)
• Recognize well-performing workers and provide them with a trainer’s role
• Ensure transparency of the company’s functioning and meritocracy culture
• Establish a regular interaction mechanism between management and workers
• Require greater dedication to training newcomers and interns.

1.4.4 Promote skill development contracts between employers and workers whereby employees receive advanced training from firms in exchange for commitments to stay with those firms for an agreed period, thereby incentivizing employer investment in labour.

1.4.5 Introduce and capacitate R&D departments responsible for increasing existing product sophistication and developing new products based on market prospection work, through provision of HR and advisory services.

1.5 Improve the capacities of firms to select appropriate technologies.

Activities

1.5.1 Put in place a technology unit hosted within QCCI that would collaborate with international institutes for machinery and act as an advisor to the private sector for technology selection. Specialize the unit in the three product priority sectors (agriculture, renewable energies and petrochemicals).

1.5.2 Conduct training, involving machinery suppliers’ representatives, at firm level for middle-level and high-level managers on:

• Knowledge of existing equipment and their advantages, in order to ensure proper identification and purchase of equipment within companies;
• Understanding the potential of newly purchased equipment and the training requirements for operators to ensure its full-capacity functioning.

Further detail on specific areas of support would be identified in the sector-specific value chain studies.

1.5.3 Provide systematic on-site training to companies’ operators on the use of newly purchased machinery and best practices in its handling (e.g. best practices in process control and machine maintenance).

1.6 Reinforce and reorient incubators and excellency centres in upcoming SEZs.

Activities

1.6.1 Within all existing industrial zones (QBIC, QSTP: Manateq) and upcoming SEZs (Ras Bufontas, Umm Al Houl and Al Karaana), prioritize projects in the priority sectors of the STDR.

Build capacity of institutions for sectors which are currently not supported, such as renewable energies, fruits and vegetables (raw and processed) and the insurance sector.

1.6.2 Develop, in the upcoming Ras Bufontas, Umm Al Houl and Al Karaana SEZs, training centres that will include the trainings mentioned in activities 1.3.1, 1.4.1, 1.4.3 and 1.5.1.

1.6.3 Advocate for the upscaling of the QBIC scheme by including additional capacity and increasing training batches. Add regional offices, especially near agricultural areas. Include service sectors under the QBIC scheme.

1.6.4 Develop a bulk import proposition in SME incubator facilities, allowing enterprises to reduce the prices of their inputs.
Strategic objective 2: Improve operating conditions for enterprises

Operational objective 2.1 Develop a well-coordinated private sector institutional support framework.

Activities
- Reach consensus on the structure and composition of the SDPN, and set it up in order to increase coordination among SME supporting institutions.
- Position the SDPN as the public–private coordinating body to manage the implementation of the present Roadmap. The platform will be responsible to effectively mobilize and engage implementing institutions to align all development policies to the Roadmap’s objectives; to identify activities that fall under their leadership; and plan for required human and financial resources for the upcoming five years.
- Provide the SDPN with a secretariat which would undertake the daily monitoring and coordination work to follow-up on the implementation of the present Roadmap.
- Equip the secretariat with an online Roadmap monitoring platform helping to register all initiatives related to the Roadmap and monitor their completion levels (budget, targets, etc.).
- Use the SDPN as a public–private forum by inviting relevant SMEs to attend the meetings, depending on the agenda’s key areas of focus.
- Priority areas of attention of the SDPN in the next two years will include:
  - Development of an SME assistance online platform
  - Development of a new intellectual property regulation to implement the existing law
  - Advocate for and contribute to the development of a new land management framework
  - Development of a new competition law
  - Streamline connections between foreign investors and SMEs.

Operational objective 2.2 Facilitate access to supporting services for SMEs.

Activities
- Based on the ‘Business Pulse’ website, further develop an online platform for SME assistance that would clearly schematize all available support services, the institutions providing them, and the stages of development of the SME at which these services are required.
- The services areas on the website will particularly need to include:
  - Technical / managerial skills support
  - Financial services / facilitation
  - Market identification (national / international)
  - Regulatory environment / land / industrial premises or offices
  - SME competition programmes.
- The online platform would connect the visitor with the relevant websites and coordinates for each service listed.
- Include private sector consulting firms providing services to SMEs.
- Embed the link to the website on each SME supporting institution’s website.
- Proceed with yearly updates of the website to include provision of new services as they are created.

Operational objective 2.3 Widespread SME-specific assistance provided by financial institutions.

Activities
- Sensitize staff in financial institutions to SME profiles, entailed risks and potential financial tools to be developed for them, based on best practice in other countries.
- Build capacity in banks on the assessment of business ideas and financial plans, and practicality of the ideas (existing markets, innovation, etc.).
- Upscale the Qatar Finance and Business Academy to create a steady supply of qualified workers for financial services.
- Advertise the following courses to commercial bank officers:
  - Consumer & Small Business Lending
  - SME Finance.
- Develop new courses aimed at assessment and financing of innovative projects.
- Develop and propose a new insolvency regulation for the State legal system that will be derived from the current provisions under the QFC (put in place in 2013).

Operational objective 2.4 Facilitate workforce regulations and management systems.

Activities
- Lobby for the removal / decrease of the subsidy for low-skilled labour to dissuade low-skill-based business generation.
- Review and streamline the workforce import system, leaving to the company the final choice of candidates from among a pool of candidates pre-selected by MoADLSA.

Operational objective 2.5 Pursue the modernization of regulations to respond to the needs of the private sector.

Activities
- Develop practical regulations for the implementation of intellectual property laws, specifically on copyrights and patents, through a nationally established institutional mechanism.
- Facilitate land attribution and reduce waiting times. Review and adopt a new regulation and management mechanism on land attribution and planning.
- Assign a focal point institution to handle land attribution and planning in Qatar.

Operational objective 2.6 Develop a clear and accessible quality management system.

Activities
- Facilitate the mechanisms for certification of exports, testing, accreditation of certification bodies and metrology in Qatar. Develop a new public sector framework for quality assurance and create or appoint one public institution responsible for certification.
### Strategic objective 2: Improve operating conditions for enterprises

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| 2.7 Multiply sector-specific policies and analyses. | 2.7.1 Within priority sectors of the STDR, develop value chain analyses and strategies that would give clear direction for action in the next five years. The sectors to be covered specifically are:  
- Renewable energies  
- Insurance services  
- Agro-industry (vegetables and fruits, fresh and processed)  
- Petrochemicals.  

2.7.2 In connection with the Qatar National Tourism Sector Strategy 2030, develop specific analyses and five-year plans for the following tourism areas:  
- Leisure and entertainment tourism  
- Business tourism (MICE).  

2.7.3 Liberalize conditions to develop sector studies in Qatar, to ensure any entity can undertake sector-specific studies and to multiply resources and available knowledge. |

### Strategic objective 3: Open the country to foreign investment to inspire diversification

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| 3.1 Adjust investment attraction policies to focus on priority areas. | 3.1.1 Pursue the current programme of foreign investment liberalization and amend regulations on investment by:  
- Authorizing foreign/full ownership in the insurance sector  
- Authorizing full foreign ownership in the renewable energy sector  
- Facilitating land ownership for full foreign ownership companies.  

3.1.2 Review the MoEC authorization process for 100% foreign ownership by facilitating the criteria for approval:  
- The authorization will be dependent on the sector (not development plans of the State)  
- New technologies criterion to be amended to ‘technologies not present in Qatar’  
- Local raw materials use criterion to be removed (should be encouraged)  
- Export promotion and notoriety of the company criterion to be removed  
- Hiring of Qatari nationals should be encouraged but not a criterion. |

3.2 Build capacities of institutions to attract key investors to the country.  

3.2.1 Build capacity of investment promotion officers at MoEC (Investment Promotion Department) to effectively facilitate and target investment, and improve their investment analysis and targeting capacity/techniques to narrow down investors based on investment requirements and specifications (this implies investment in data access and management services such as Dun and Bradstreet, Financial Times, FDI Markets).  

3.2.2 Strengthen the ability of QA, QFCRA, QSTP and Manateq to respond effectively to direct inquiries from investors through a systematic joint approach, relying on shared investor data and materials.  

3.2.3 Restore the FDI forum in Qatar under the initiative/lead of Prime Minister.  

3.2.4 Support the development of (existing and new) customized FDI promotional material:  
- Develop well-crafted value propositions for potential investors, comprising feasibility studies on renewable energies, insurance services, agro-industry (vegetables and fruits, fresh and processed) and petrochemicals;  
- Develop comprehensive and up-to-date sector profiles;  
- Develop a centralized database of the critical information and intelligence required by investors.  

3.2.5 Carry out investment promotion activities in target countries – roadshows, facilitating direct interactions between Qatari firms (privilege award winners in the national SME competition) and targeted investors, helping foreign representatives to promote key sectors. Use side events to showcase investment profiles developed. Invite potential investors to strategic locations to showcase the infrastructure and business climate. |

3.3 Develop cooperation frameworks between local SMEs and foreign investors.  

3.3.1 Help establish linkages between new international investors and local suppliers more systematically, taking into account the SMEs’ perspective. For example, ensure that foreign-owned firms begin to provide more systematic and organized in-house training, open to local firms.  

3.3.2 Through the training centres developed in the existing incubators, the GFC, QBIC and the upcoming SEZs (activity 1.6.2), invite foreign investors to present on specific topics and technologies that they apply.  

3.3.3 Strengthen the capacity of MoEC, QA, QFC, QSTP and Manateq to develop investor aftercare efforts in order to increase communication and relationships with current foreign investors. |
Strategic objective 4: Encourage firms to export through acquired market intelligence

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| 4.1 Enhance institutional capacity to support enterprises to export. | 4.1.1 QDB / Tasdeer to consider opening offices in target markets to support Qatari companies. Based on the Market Study conducted by QDB in Morocco, Tunisia and Saudi Arabia, there is a good opportunity to increase exports to these markets through QDB presence in these markets to enable follow-up with the contacts established through the detailed market studies. Such international trade support offices are established by all trade promotion offices. This needs to be done with the support of MoEC.  
4.1.2 Develop an E-commerce initiative regrouping Qatari exporting SMEs targeted at the GCC and key international markets (for instance Morocco and Tunisia). The E-commerce platform should be in line with the national branding initiative in the operational objective 4.2.  
4.1.3 Reinforce promotion of Tasdeer at a nationwide level to non-exporting companies. |
| 4.2 Develop a nationwide branding initiative. | 4.2.1 Develop a national brand for Qatar, with a consistent appearance, visuals and messages, and diversify it around the key export- and investment-oriented sectors (renewable energies, agro-industry, petrochemicals, leisure and entertainment tourism, business tourism, insurance services). Particularly leverage the ambition of the country to turn to environmental sustainability and to move away from low-skilled labour. Use the branding recently developed by QTA.  
4.2.2 Leverage the communication surrounding World Cup 2022 as a means to disseminate and promote the newly created image.  
4.2.3 Capacitate a key point institution to be the holder of the national brand and to spread it at the international level for export and investment development. |
SECTOR PRIORITIES: AGRO-INDUSTRY
(VEGETABLES AND FRUITS, FRESH AND PROCESSED)

**Operational objective**
Ensure viability of the agriculture industry.

**Activities**
- Review the price setting mechanism for local agricultural products in order to ensure local producers have a guaranteed profit margin.
- The price mechanism should focus on the price from the producer, rather than the consumer price, in order to avoid traders’ arbitrary increase of margin.
- Subsidize stations for treated water purification and usage as an alternate source of water for agriculture in Qatar.
- Develop an agro-faculty in the tertiary education sector in Qatar.
- Select an appropriate crop mix for cultivation in Qatar (based on soil, environment and water consumption conditions required) as well as farming methods that are the most water-efficient.
- Based on this selection, develop R&D on pest controls specific to Qatar.
- Promote the development of modern and innovative agricultural solutions such as organic cultivation, automatic drip irrigation systems, and hydroponic and aeroponic techniques.
- Promote investment in greenhouse facilities, linked with solar energy plants.

**Adjust policies and regulations in view of the development of the sector.**
Support the Government commitment to develop a “wider programme of agricultural reform and the development of an agro-food industry”.
Lower the level of technological requirement for receiving loans in the agricultural sector, as the basic technologies are less energy-intensive and for some crops – turn out more productive and better adapted to Qatar specific climatic conditions.
(Currently loans are only granted to ideas involving high-tech cultivation)

SECTOR PRIORITIES: RENEWABLE ENERGIES

**Operational objective**
Adjust policies and regulations in view of the development of the sector.

**Activities**
- Put in place a national electricity hub / grid that would allow storing electricity coming from renewable energy sources.
- Support the MoEI initiative to “create a committee to examine the potential of renewable energy resources in Qatar”.
- Confer on the committee the responsibility of orienting and accompanying sector development.
- Develop a sector strategy for the renewable energies sector to have a clear view of the orientation the sector should take based on existing national demand, and demand in the GCC region. Develop in conjunction with the committee on renewable energies
- Develop renewable energy legislation, governing issues such as feed-in tariffs and grid access.
- Involve the private sector in the direction-setting exercise.
- Encourage the private sector to participate in the design and implementation of initiatives, helping shape incentives to encourage sustainable energy use.
- Target international leaders in the renewable energy industry to settle in Qatar and reach out to them with a tailored promotion strategy (given the implementation of activities under operational objective 3.1).

SECTOR PRIORITIES: PETROCHEMICALS

**Operational objective**
Modernize the petrochemical sector through innovation.

**Activities**
- Encourage diversification within existing companies into higher value added and innovative products such as biodegradable plastics or man-made fibre.
- Encourage start-ups willing to engage in the sector to go in this direction.
- Build capacities within individual firms willing to engage in product diversification and support them to transit to appropriate technologies and to develop new products based on market requirements.
- Develop a bulk supply scheme from the major oil and gas firms for all SMEs in the petrochemicals sector, to bring raw material purchase prices down for individual SMEs.
### SECTOR PRIORITIES: LEISURE AND ENTERTAINMENT TOURISM

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
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| Multiply attraction points for cultural and leisure tourism. | Increase the visibility of the Doha Film Institute and its activities in the country and abroad, and look into the feasibility of creating an Arab film festival as a regional event to reinforce the offer for cultural tourism in Qatar and contribute to promoting the image of the country.  
  - Arabic music concerts and festivals (encouraging people to come and to stay longer)  
  - Multiply temporary expositions at the Museum of Islamic Art and Islamic Cultural Centre  
  - Develop cultural activities outside of Doha – theme parks and entertainment centres  
  - Rethink the dates of the Qatar Summer Festival.  
  Improve promotion of cultural tourism through Qatar Airways following the model of Turkish Airlines. |
| Adjust policies and regulations in view of the development of the sector. | Facilitate visa procedures for tourists coming to Doha – develop a one-month tourism entry with no visa requirement. |

### SECTOR PRIORITIES: BUSINESS TOURISM (MICE)

<table>
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<tr>
<th>Operational objective</th>
<th>Activities</th>
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| Adjust policies and regulations in view of the development of the sector. | Put in place an events and conferences coordination and monitoring agency that would ensure a consistent programme (avoid overlapping and inactive periods) over the year.  
  The agency would also be responsible for organizing back to back conferences / forums / events ensuring provision of high-quality services and suited to clients’ needs.  
  Improve the offer for MICE tourism in Qatar.  
  Encourage development of new exhibition facilities and related services:  
  - Catering  
  - Event organization facilitation enterprises  
  - Web design and printing  
  Align with key target markets’ requirements as identified in the MICE strategy.  
  The events and conference coordination agency to promote local service providers for each planned event. |

### SECTOR PRIORITIES: INSURANCE SERVICES

<table>
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<tr>
<th>Operational objective</th>
<th>Activities</th>
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| Adjust policies and regulations in view of the development of the sector. | Develop insurance sector legislation that would regulate activities of the sector.  
  The legislation would need to cover SMEs specifically.  
  Develop a sector strategy for the insurance sector to have a clear view of the orientation the sector should take based on existing national demand, and demand in the GCC region.  
  Align the insurance offer to anticipated needs.  
  Promote to insurance enterprises or banks in the priority sectors of the economy the diversification of the insurance offer and develop SME-specific insurance tools. |
### CROSS-SECTOR PRIORITIES: SKILLS DEVELOPMENT

<table>
<thead>
<tr>
<th>Operational objective</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop linkages between the industry and academia.</td>
<td>Put in place a national skills development coordination platform, led by MoEHE, which would group all sectors of the economy which will inform the skills development programmes of universities, TVET and private sector training providers.</td>
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<tr>
<td>Develop an open TVET system.</td>
<td>Set up a vocational training institution with public sector funding, available to both the Qatari and non-Qatari workforce.</td>
</tr>
<tr>
<td>Ensure key areas for upcoming skills requirements are covered.</td>
<td>Develop courses and sensitization on entrepreneurship from primary school up to tertiary level, aligned with each level. Promote role model entrepreneurs in schools and invite thought leaders to high schools and tertiary institutions. Sensitize children on social and environmental concerns from an early age in schools (stimulate empathy and mutual aid). Develop courses on landscaping for sports, agriculture and other infrastructure-related projects.</td>
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### CROSS-SECTOR PRIORITIES: TRADE FACILITATION

<table>
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<tr>
<th>Operational objective</th>
<th>Activities</th>
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<tbody>
<tr>
<td>Pursue Customs modernization at border points.</td>
<td>Reach an agreement in the GCC region to remove road Customs control for transiting produce. Develop road Customs infrastructures at key border points in order to minimize waiting times. Construct warehouses and refrigerated facilities to stock perishable produce that is queueing for clearance.</td>
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### CROSS-SECTOR PRIORITIES: MARKET INFORMATION

<table>
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<tr>
<th>Operational objective</th>
<th>Activities</th>
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</thead>
<tbody>
<tr>
<td>Ensure opening of trade offices in target markets.</td>
<td>Open commercial attachés’ offices in target markets to support Qatari companies. Use diplomatic representations to host these offices.</td>
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</tbody>
</table>
IMPLEMENTATION MANAGEMENT

The STDR of Qatar endeavours to generate the conditions for a favourable expansion of the country’s SME and export sectors and their contribution to the economic diversification of the country. However, having finalized this STDR is not enough to create sustainable export development. There is a definite need to elaborate and coordinate the various actions required to achieve the targets of the STDR. The execution and impact of these proposed initiatives on export development is significantly based on the ability of stakeholders to plan these initiatives so as to generate a multiplying effect in the country. In other words, apparently separate initiatives need to be synchronized to reinforce each other and create sustainable positive effects for export development and increase the effectiveness of the STDR.

Indeed, the STDR is not the Roadmap of any specific institution; rather it is the Roadmap of Qatar, and to ensure its success it is necessary to create the right environment and framework to enable its implementation. The following section presents some of the key success conditions considered fundamental for the STDR to be effectively implemented and achieve self-sustainability and long-lasting benefits for Qatar.

Establish and operationalize a public and private coordinating platform and its subsidiary organ

A key success criterion for the STDR is stakeholders’ ability to coordinate activities, monitor progress and mobilize resources for the implementation of the STDR. It is recommended that the country establishes a platform for public–private deliberations that acts in an advisory capacity to the Government and the private sector over issues related to or affecting the STDR.

The formal dialogue platform will require a high level of involvement by members of TISIs (public and private), as their role is crucial and will impact the effectiveness with which the STDR is implemented. Likewise, the ability of the private sector to provide inputs to the STDR implementation process will significantly influence the success of the STDR.

The stakeholders group consulted during the design process is composed of a panel of representatives of key institutions, involving Government ministries and institutional members. It also includes private sector representatives from all segments of the industry. As such, once its mandate is appropriately adjusted, this group of stakeholders is best positioned to serve as the public–private platform responsible for the coordination of STDR implementation. It should also be aligned with the current initiative to establish an SDPN. It will also be required that a nominated secretariat coordinates, monitors and mobilizes resources for implementing the STDR.

The main functions of the public–private platform should be the following:

i. Act as a consultative group pertaining to the trade and SME development areas, enabling the private sector and Government representatives to identify priority issues;

ii. Coordinate and monitor the implementation of the STDR by the Government, private sector, institutions or international organizations so as to ensure STDR implementation is on track;

iii. Identify and recommend allocation of resources necessary for the implementation of the STDR;

iv. Elaborate and recommend revisions and enhancements to the STDR so that it continues to best respond to the needs and long-term interests of the country;

v. Propose key policy changes to be undertaken, based on STDR priorities, and promote these policy changes among national decision makers;

vi. Guide the secretariat in its monitoring, coordination, resource mobilization, and policy advocacy and communication functions so as to enable effective implementation of the STDR.

As discussed above, the public–private platform should be supported by a secretariat to complete the daily operational work related to implementation management of the STDR. The core responsibilities of the secretariat should be to:

A. Support and organize the regular meetings of the public–private platform

B. Monitor the progress and impact of STDR implementation

C. Coordinate STDR implementation partners

D. Mobilize resources to implement the STDR.
Specific tasks falling under these broad areas of activities include:

- Formulate project proposals, including budgets for implementation of activities of the STDR;
- Develop annual and biannual workplans for approval by the public–private platform;
- Collect information from project implementation and prepare regular monitoring reports to be submitted to the public–private platform;
- Advocate in favour of the STDR to public and private partners;
- Execute any other tasks as required by the public–private platform.

Private sector support and participation

The private sector should benefit from STDR implementation through improved productive capacities, reduced costs of doing business, facilitated administrative procedures, enhanced access to finance, etc. However, the private sector clearly expressed during the STDR design process its willingness to contribute, directly or in partnership with public institutions, to the implementation of the STDR. Their implementation efforts can range from providing business intelligence to institutions to contributing to development projects, establishing processing and transformation units, advocacy, etc. In brief, the private sector’s practical knowledge of business operations is essential to ensuring that the activities of the STDR are effectively implemented and targeted.

Sensitization of implementing institutions to build ownership

The key implementing institutions detailed in the Proposed Initiatives need to be informed of the content of the STDR and the implications for their 2017–2022 programming. This sensitization is essential to building further ownership and it provides institutions with the opportunity to review the Proposed Initiatives in order to confirm the activities they can implement immediately, in both the medium and long terms. Such a programming approach will permit better resource allocation within the responsible agencies. This allocation can be formalized by integrating the activities of the STDR into the programme planning of the institution. While the financial dimension is often required, the human resource element is no less important.

Financial resource mobilization for implementation

While resource mobilization is only part of the solution, it plays a crucial and indispensable role in supporting STDR implementation. An integrated resource mobilization plan should be elaborated as soon as the document is adopted. Resource mobilization involves planning the sequencing of communications with institutions, project design, project proposals/applications, and resource collection and management. This should facilitate, leverage and strengthen the impact of diverse sources of finance to support sustainable and inclusive implementation, including national resources and private investment.

- National resources through direct budget and support programmes: The Government will need to validate defined minimum budget support towards the implementation of the different components of the STDR. This support for the STDR’s activities will demonstrate the Government’s commitment to the initiatives.
- National and foreign investment: The STDR design stakeholders’ group is composed of representatives of national institutions, the trade support network and the private sector. If this group becomes the public–private platform, the STDR should benefit from a solid channel of communication, capable of conveying reliable information to companies about export-related opportunities, and in turn communicating to the Government the needs that investors have identified as necessary to operate successfully. Investment flow in Qatar could serve as a valuable driver for certain specific areas identified in the STDR and requiring support. Even so, it must be targeted at specific prospects in order to benefit the industry’s development as detailed in the way forward section of the present STDR.
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