



CONSULTING
HAUS

THIRD QATAR NATIONAL DEVELOPMENT STRATEGY 2024 - 2030

SUMMARY AND KEY TAKEAWAYS

FEBRUARY 2024

Qatar National Development Strategy – Third Edition

PREFACE



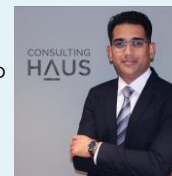
This document presents an overview of Qatar's National Development Strategy ("NDS") and outlines the journey across the three editions providing context to the objectives, targets, KPIs, and strategic implications across various industries in the third edition i.e. the National Development Strategy 3 ("NDS 3"). **NDS 3 outlines seven national outcomes** with targets, delineating Qatar's strategic priorities and aspirations for the next seven years while laying the transformative measures necessary to achieve these objectives. **Central to NDS 3 is a systematic approach to economic diversification, identifying priority economic clusters and formulating strategies for focused specialization and key initiatives.**

While each of the seven outcomes is pivotal to the country's development, **this document focuses on elucidating the business and economic aspects of the first outcome: 'Sustainable Economic Growth'**. With a **Gross Domestic Product ("GDP") target of 4% for the non-hydrocarbon sector ("NHC")**, the NDS 3 outlines a clear focus on driving NHC growth through a combination of sector-specific initiatives and enhancing the business ecosystem through regulatory reforms.

NDS 3 underscores **four essential elements within 'Sustainable Economic Growth': Energy Sector, Diversification Clusters, Business Environment, and Innovation**. Among these, diversification clusters and business environments emerge as the key facets that will, directly and indirectly, have a greater impact on the country's non-oil sector. **The diversification cluster is further segmented into growth (manufacturing, logistics, tourism), enabling (IT and digital, financial services, education), resilience (healthcare, food and agriculture), and future clusters (green tech, media), each playing a distinct role in driving economic progress.** The targets outlined under business environment demonstrate a clear willingness to enhance the eco-system enablers in the country further and make it business/investor friendly.

NDS 3 also outlines a clear focus on ESG and sustainability as one of the national outcomes. It is imperative that businesses adopt ESG in their strategic plans. Successful implementation of the NDS 3 could have a transformative effect on Qatar's economy, and all stakeholders will have to contribute to this journey. We look forward to actively engaging with both public and private sector stakeholders in Qatar as they prepare for their next stage of growth and development.

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NDS JOURNEY ACROSS ITS THREE EDITIONS

Since Qatar National Vision 2030 (“**QNV2030**”) was announced in 2008, the National Development Strategies have served as the blueprint for achieving the vision by laying down the near-term strategies, goals, initiatives and targets

NDS 1



2011-2016

- NDS 1 outlined strategic initiatives aligned to the QNV2030 goals. Key values included:
 - i. Promoting sustainable prosperity
 - ii. Promoting human development
 - iii. Taking an integrated approach to sound social development
 - iv. Sustaining the environment for future generations
 - v. Developing modern public sector institutions
- Target of achieving an overall GDP growth of 6.9% and NHC GDP growth rates of 9.1%.

NDS 2



2018-2022

- Aimed at sustaining economic prosperity through economic infrastructure development, economic diversification, private sector development and management of natural resources.
- Promote human development through a comprehensive healthcare system, quality education and training, and an efficient workforce.
- Focus on sound social development, including social protection, public security and safety, cultural enrichment and sports excellence.
- Inculcated lessons learnt from NDS 1 to drive key reforms and enhance the focus on implementation & monitoring

NDS 3



2024-2027

2028-2030

- NDS 3 aims to be more transformative in accelerating progress with greater emphasis on policy reforms
- Outlines seven national outcomes with clear measurable targets
- More systematic approach to economic diversification with identification of priority economic clusters
- Overall GDP and NHC GDP growth target of 4% per year

Phase 1 – Focus on setting the foundation by:

- Addressing fundamental issues
- Implementing policy reforms to eliminate structural obstacles to progress
- Designing large-scale initiatives and building capabilities

Phase 2 – Leverage the foundation set in Phase 1 to:

- Scale and expand key large-scale initiatives by utilizing the developed capabilities
- Accelerate transformation

Phase 3 – Further accelerate transformation by:

- Leveraging areas of established competitive advantage
- Set the road for growth and development beyond 2030



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NDS 3 STRATEGIC NATIONAL OUTCOMES (1/2)

The planned transformation is outlined in seven pivotal strategic national outcomes set for the forthcoming seven years. These outcomes encapsulate specific aspirations, each accompanied by defined initiatives and measurable targets

NDS 3: NATIONAL OUTCOMES

 1  SUSTAINABLE ECONOMIC GROWTH	 2  FISCAL SUSTAINABILITY	 3  FUTURE-READY WORKFORCE	 4  COHESIVE SOCIETY	 5  QUALITY OF LIFE	 6  ENVIRONMENTAL SUSTAINABILITY	 7  GOVERNMENT EXCELLENCE
Adopt a sustainable growth model to transform into a competitive, productive, diversified, and innovative economy.	Strengthen the long-term stability, health, and resilience of the government budget and its balance sheet.	Enable and develop citizens into globally competitive individuals and attract high-skilled expatriates as long-term partners in Qatar's transformation journey.	Preserve Qatar's values and strong family bonds, fostering active citizenship, an integrated community, and harmonious society to thrive in a globalized world.	Provide quality of life for all through excellence in healthcare and public safety, with a vibrant cultural life, becoming a best-in-class environment for families.	Conserve natural resources, protect ecosystems, reduce greenhouse gas emissions, and build resilience against future environmental threats.	Become a world-class provider of government services to citizens, residents, businesses, and institutions, and a top nation for effective, efficient, and transparent governance.

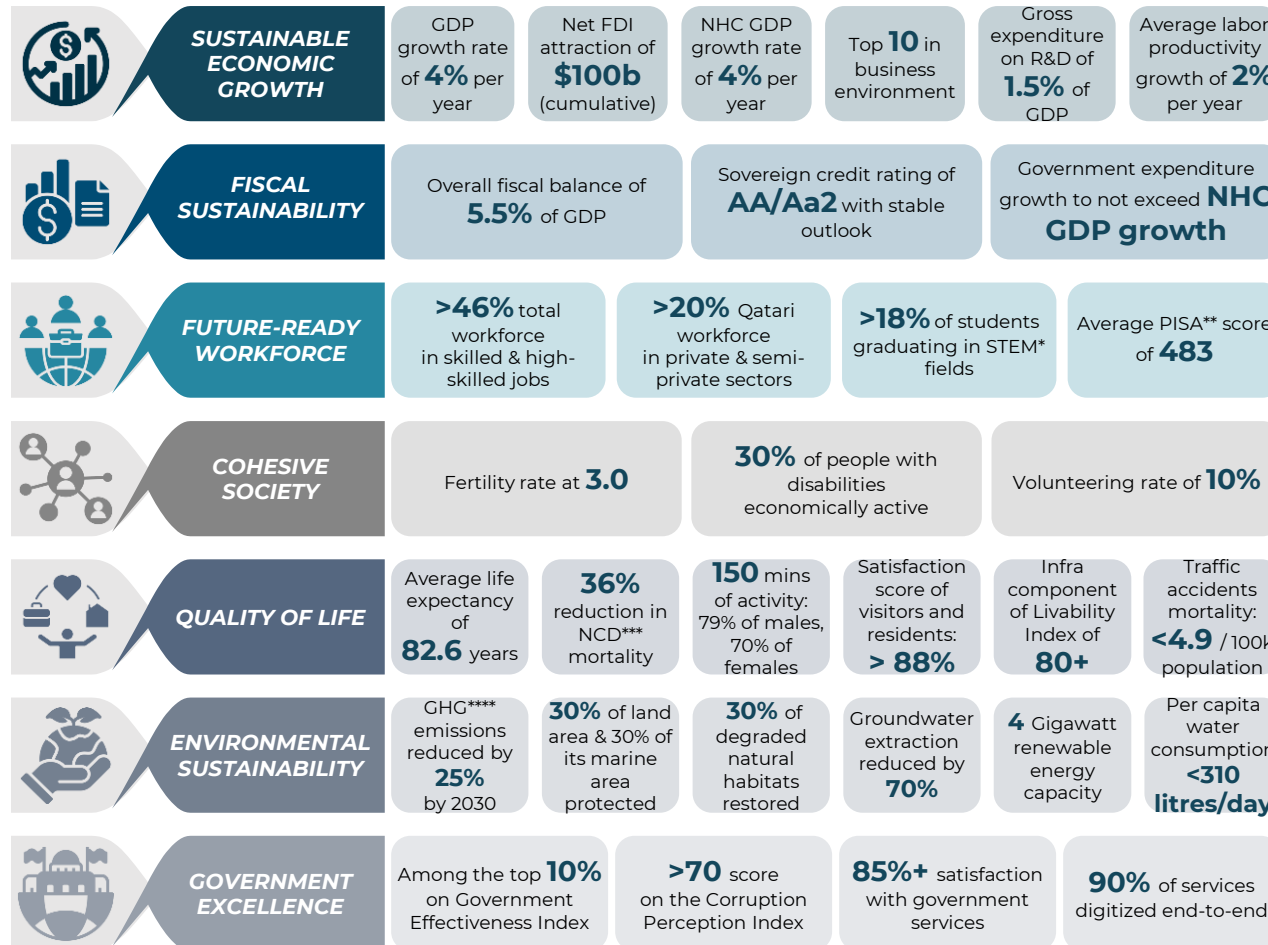


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NDS 3 STRATEGIC NATIONAL OUTCOMES (2/2)

NDS 3 sets measurable targets across each of the seven national outcomes

TARGETS FOR NATIONAL OUTCOMES



KEY TAKEAWAYS

- Focus on sustainable growth through development of specialized economic clusters, investment in R&D and enhancing the business environment
- Aims to create a sustainable fiscal framework with diversified revenue sources, effective public spending, and efficient management of public debt
- Aims to create a more productive and high-skilled labor market by using both upskilled Qatari talent and high-skilled international talent
- Nurture and create strong family structures with a society that celebrates national identity and culture
- Aim for the highest quality of life by focusing on education, healthcare, entertainment, culture, environment, public safety and community.
- Scale up adoption of renewables and low carbon fuels, promote efficient use of energy and water resources, reduce waste and increase recycling
- Focus on transforming the design and delivery of public services by establishing SLA frameworks, digitization of services, and driving accountability

* STEM: Science, technology, engineering, and mathematics; ** PISA: Programme for International Student Assessment; ***NCD: Non communicable disease; **** GHC: Green house gas

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STRATEGY FOR SUSTAINABLE ECONOMIC GROWTH

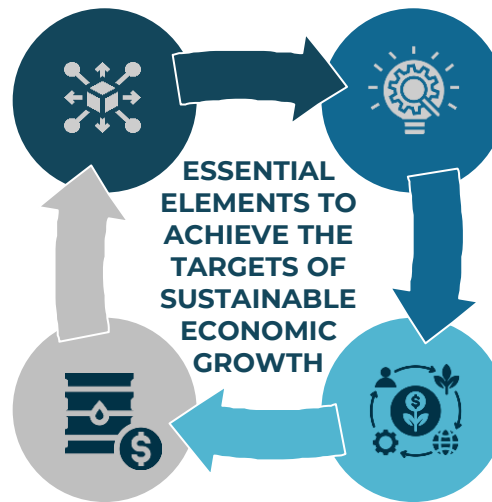
In order to achieve the targets concerning the outcome of sustainable economic growth, four key elements have been incorporated, with each having distinguished targets and planned activities

DIVERSIFICATION CLUSTERS

- Qatar's sustainable growth model outlines a multifaceted strategy for **economic diversification and resilience**.
- By developing specialized clusters, including **growth clusters** (logistics, manufacturing, tourism), **enabling clusters** (IT, digital services, financial services, education), and **resilience sectors** such as healthcare and agriculture, Qatar aims to further reduce its dependence on hydrocarbons.
- **Emphasizing sustainability, innovation, and global connectivity**, the initiatives position Qatar as a competitive player in emerging industries while bolstering sectors vital for national resilience.
- The model also plans for **future competitiveness** through the development of clusters in green technologies and media.

ENERGY

- **Strengthening global energy leadership** and entering emerging low-carbon energy fields.
- Completion of the **North Field Expansion project**.
- Maintaining status as a leading and **efficient gas producer**.
- **Sustaining oil production** from existing fields.
- **Utilizing contingent resources** for mid-term monetization.
- Expansion in **low-emission energy** with a blue-ammonia plant.
- Incorporation of **carbon-capture technologies** in energy production.



INNOVATION

- **Sustainable growth** through innovation in the ecosystem.
- **Focus Areas:** Climate, agriculture, healthcare, tech.
- Outlines three key objectives:
 - i. Private sector-led innovation;
 - ii. Scientific research; and
 - iii. RDI ecosystem development.
- Goals to **double R&D expenditure** ranking in the top 30 on the Global Innovation Index by 2030.

BUSINESS ENVIRONMENT

- **Investor-Friendly Regulatory Environment:** Streamlined business establishment; economic zone harmonization.
- **Fostering Competition in Target Clusters:** Introducing liberalization and privatization
- **World-Class Government-to-Business (G2B) Services:** Streamlining processes by digitization.
- **Increased Private Sector Access to Funding:** Expansion of credit facilities for entrepreneurs
- **Strengthening Capabilities of Local Entities:** Incentivizing local firms and start-ups
- **Strengthening the Trade Ecosystem:** Streamlining customs clearance processes, promote exports, enhance trade connections / agreements.



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FOCUS ON DIVERSIFICATION CLUSTER (1/4)

The diversification cluster comprises of four cluster, each outlining a clear objective and plan to grow and develop certain sectors

DIVERSIFICATION CLUSTERS AND FOCUS INDUSTRIES



GROWTH CLUSTERS

- **Manufacturing:** Expand manufacturing in chemicals and low-carbon metals.
- **Logistics:** Become a re-export hub in select high-value products and strengthen air transport global position.
- **Tourism:** Become a tourism destination of choice for families and develop business tourism and events.

ENABLING CLUSTERS

- **IT & Digital:** Develop Qatar's digital economy and long-term strategic capabilities in AI and other emerging technologies.
- **Financial Services:** Develop niche specializations such as insurtech, strengthen asset management, deepen capital markets.
- **Education:** Promote Qatar as a higher education hub, develop specializations, and increase private sector participation.

RESILIENCE CLUSTERS

- **Food & Agriculture:** Enhance food security and develop long-term specializations such as Agritech.
- **Health Services:** Increase private sector participation, develop medical tourism and build capabilities of long-term specializations such as precision medicine.

FUTURE CLUSTERS

- **Future Clusters:** Explore building other clusters over time around key technologies, such as green tech, and around national assets, such as media and creative.






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FOCUS ON DIVERSIFICATION CLUSTER (2/4)

Within the growth clusters, the manufacturing cluster strategy primarily offers opportunities within downstream products and allied industries of oil and gas, while logistics and travel clusters provide opportunities across a range of industry segments

GROWTH CLUSTERS

	 MANUFACTURING	 LOGISTICS	 TOURISM
TARGETS	<ul style="list-style-type: none"> • 3.4% real GDP CAGR. • 1.9% labor productivity CAGR. • Rank 40 on the CIP* index. 	<ul style="list-style-type: none"> • 6.6% real GDP CAGR. • 2.4% labor productivity CAGR. • Up to QAR25b in re-exports. 	<ul style="list-style-type: none"> • 6.0m in visitors. • QAR34.0b total in-destination spend. • Up to 19m total room nights.
FOCUS AREAS	<ul style="list-style-type: none"> • Expand chemicals sub-cluster, focusing on petrochem and plastics. • Metals sub-cluster specializing in low-carbon metals, exploring downstream aluminum products. • Focus on O&G services sub-cluster providing specialty chemicals. • Prioritizing 4th Industrial Revolution practices and circular economy principles for competitiveness. 	<ul style="list-style-type: none"> • Enhance global logistics hub status. • Expand air transport and focus on e-commerce distribution. • Re-export pharmaceuticals and high-value goods. • Optimize port operations with tech upgrades. • Incentivize digitalization and automation. • Reform regulatory framework 	<ul style="list-style-type: none"> • Focus on family tourism and boost the MICE** segment. • Targeting specialized sports tourism demand. • Initiatives include activating tourism policies and leveraging Qatar Airways. • Developing tailored assets, elevating service excellence.
POINT OF VIEW	<ul style="list-style-type: none"> • Manufacturing: Greater focus on strategic and value-driven manufacturing by concentrating efforts on segments that can benefit from leveraging Qatar’s upstream capabilities, ultimately leading to the enhancement of the downstream ecosystem. This strategic focus aims to create a more efficient and competitive manufacturing segment that can not only cater to domestic demand but also compete in the export markets. • Logistics: The GDP growth target for the logistics segment is greater than the overall GDP (4%) and NHC GDP (4%) for the country; this is a clear recognition of the strategic importance of this sector for economic growth. This focus is expected to drive innovative solutions, improve operational efficiencies, and enhance quality, ultimately contributing to the development and competitiveness of the logistics industry. • Tourism: In 2022A, Qatar witnessed 1.9m visitors, an influx of QAR23.1b in inbound tourism expenditure, and 6.8m room nights (a total of 30,467 available room keys and an occupancy rate of 61.1%). Considering the recent statistics, the targets set out in NDS 3 seem ambitious; however, the steps taken to promote sports and MICE related tourism is expected to be a key driver for this sector 		

*CIP: Competitive Industrial Performance, **MICE: Meetings, Incentives, Conferences, and Exhibitions



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FOCUS ON DIVERSIFICATION CLUSTER (3/4)

Encouraging the enabling clusters will create pathways for industries across various sectors, contributing significantly to driving economic growth

ENABLING CLUSTERS

TARGETS

FOCUS AREAS

POINT OF VIEW

IT & DIGITAL

- **7.8%** real GDP CAGR from ICT.
- **10%** workforce with advanced IT skills.
- Target to achieve **47.3k** employees.

- Drive digital economy and adoption of emerging technologies.
- To accelerate the private sector's adoption of emerging tech through National Applied Programs.
- Establish 'National Data & Analytics Program' and advance 'Enterprise Digital Transformation Program.'
- Commercialize cloud capabilities.
- Hone regulatory landscape and build a legal cybersecurity framework.

FINANCIAL SERVICES

- To launch **35** new FinTechs.
- **77% & 7%** of credit to firms and SMEs.
- **QAR10b** AuM managed from Qatar.

- To establish an InsurTech hub and enact reforms for the local insurance market.
- Strengthen asset managers and expand pension coverage.
- Grow digital payments and increase equity capital market liquidity.
- Support financing for Qatari SMEs through regulations, FinTech, and mentoring.

EDUCATION

- N/A

- To bolster Qatar's position as a higher-education hub.
- Leveraging past investments and existing institutions.
- Higher education institutions to produce world-class graduates for all economic clusters.
- Attract private sector investment to accommodate the growing student population.

- **IT and Digital:** With an aggressive GDP growth target, Qatar's IT sector presents a holistic range of opportunities across emerging technologies, finance, healthcare, education, and manufacturing. Given that the size of the Qatari market poses certain structural limitations for long-term growth, Qatari companies should also explore opportunities to expand / export.
- **Financial Services:** The QCB published the Qatar Fintech Strategy in March 2023, which provides a roadmap for the growth of the FinTech industry in Qatar; companies should leverage the opportunities outlined in the strategy to drive growth within emerging sub-segments, including InsurTech, asset management, digital payments, SME lending, and access to new financing. Companies should focus on offering innovative solutions tailored to the evolving needs of the country's financial industry.
- **Education:** Focus on enhancing the quality and outcome over rapid growth. Opportunities for the private sector to further enhance their contribution across the K-12 segment while increasing contribution in the higher education, training, and skills development space.

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FOCUS ON DIVERSIFICATION CLUSTER (4/4)

The strategy outlined for resilience clusters and future clusters provide a great opportunity for associated industries, including technology, energy, content, digital media, logistics and warehousing, among others

OTHER CLUSTERS



RESILIENCE CLUSTERS

- **Healthcare Cluster:**
 - i. Optimize existing infrastructure and attract private investment.
 - ii. Focus on precision medicine to improve global positioning.
- **Food and Agriculture Cluster:**
 - i. Building on past achievements in food security.
 - ii. Specialize in sustainable agriculture technologies.
 - iii. Improve food production for enhanced security.
 - iv. Diversify trade, expand storage and reduce water consumption.



FUTURE CLUSTERS

- To initiate the development of future clusters for long-term competitiveness.
- Focus on nascent areas with potential or existing competitive advantage.
- Examples include the green technologies cluster and the media and creative cluster.



FOCUS AREAS



POINT OF VIEW

- **Healthcare:** The healthcare sector has witnessed sizeable investment over the last decade, and the focus in the future will be to optimize and further leverage the current healthcare infrastructure capabilities. Focus on driving greater private sector participation and supporting higher value-adding initiatives. The mandatory insurance scheme for non-nationals and visitors, which came into effect in May 2022, is expected to provide a boost to the private healthcare sector, especially the healthcare providers, over the coming years.
- **Food and Agriculture:** Sustain and empower the domestic agriculture space by driving greater focus on agritech to enhance cost competitiveness and productivity of the sector. Support innovative food solutions such as vertical farming, indoor farming, etc, and enhance the overall ecosystem, including the food logistics infrastructure.
- **Future Clusters:** The development of future clusters for long-term competitiveness in Qatar spans diverse sectors, from green technologies and media to healthcare innovation, advanced manufacturing, smart cities, biotech, and tourism. These themes should be a key focus area for start-up ventures seeking to disrupt the current landscape and for incumbents who need to future-proof their businesses.



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FOCUS ON BUSINESS ENVIRONMENT

In addition to establishing specific targets for each industry within the diversification clusters, NDS 3 also delineates measurable objectives aimed at enhancing the overall business environment in the country

TARGETS FOR BUSINESS ENVIRONMENT

	REGULATORY ENVIRONMENT	>80% net promotor score for investors	Top 10% in regulatory quality index
	EFFICIENT INFRASTRUCTURE	Rank 15 on Logistics Performance Index	Up to 70% port capacity utilization
	GOVERNMENT TO BUSINESS (G2B) SERVICES	1 day to start a business	0.2-1% of gross national income per capita cost of starting a business
	ACCESS TO FUNDING	0.1% of GDP in startup funding	70 investment deals in startups
	LOCAL CAPABILITIES	Top 10 rank in business efficiency	Top 20 in GII business sophistication sub-index
	TRADE ECOSYSTEM AND GLOBAL PARTNERSHIPS	6-20-hour time to export and import	>80 companies benefitting from export credit
	MARKET COMPETITION	6% CAGR in SME contribution to non-hydrocarbon GDP	NTM frequency ratio <30%
			Up to 55 total business density

KEY INITIATIVES

- Streamlining business establishment and FDI attraction.
- Introducing a new movable assets law and overhauling the insolvency framework.
- Launch a national asset management program for infrastructure effectiveness.
- Optimize and enforce ICT frameworks, strengthen cybersecurity inter-country freight connectivity and logistics efficiency.
- Streamline business and investor processes through digitization.
- Enhance judicial transparency, streamline procedures and overall service quality.
- Expand credit facilities via QDB, with a focus on entrepreneurs.
- Introduce a national fund-of-funds for risk capital and streamline PPP governance for SME participation
- Incentivize local firms for resilient business models and employee upskilling.
- Enhance competitiveness of local suppliers that can cater to the needs of larger companies / MNCs.
- Streamline customs for efficiency and cost reduction.
- Expand trade connections with FTAs, investment protection, and double taxation agreements for key markets.
- Implement liberalization and privatization for cluster potential.
- Reform public procurement policies and establish ICV policies for competitiveness.



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