

**FOR
AGENDA**

SM/11/16
Supplement 1

January 21, 2011

To: Members of the Executive Board

From: The Secretary

Subject: **Qatar—Staff Report for the 2010 Article IV Consultation—
Informational Annex**

The attached informational annex is being issued as a supplement to the staff report for the 2010 Article IV consultation with Qatar (SM/11/16, 1/21/11), which will be brought to the agenda for discussion on **a date to be announced**. At the time of circulation of this paper to the Board, the authorities of Qatar have indicated that they need more time to consider whether they will consent to the Fund's publication of this paper. Publication will only proceed upon the receipt by the Fund of the member's explicit consent. Any requests for modifications for publication are expected to be received two days before the Board concludes its consideration.

Questions may be referred to Mr. Prasad (ext. 37737) and Mr. Cherif (ext. 39762) in MCD.

Unless the Documents Section (ext. 36760) is otherwise notified, the document will be transmitted, in accordance with the procedures approved by the Executive Board and with the appropriate deletions, to the WTO Secretariat on Monday, January 31, 2011.

This document will shortly be posted on the extranet, a secure website for Executive Directors and member country authorities. This supplement is not being distributed in hard copy. It can be accessed in the Institutional Repository; a link can be found in the daily list (<http://www-int.imf.org/depts/sec/services/eb/dailydocumentsfull.htm>) for the issuance date shown above.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

QATAR

2010 Article IV Consultation

Informational Annex

Prepared by the Middle East and Central Asia Department

January 20, 2011

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ANNEX I. QATAR: FUND RELATIONS
(As of November 30, 2010)

I. Membership Status: Joined 09/08/72; Article VIII, 06/04/73

II. General Resources Account:

	SDR million	Percent Quota
Quota	263.80	100.00
Fund holdings of currency	212.48	80.55
Reserve position in Fund	51.32	19.45

III. SDR Department:

	SDR million	Percent Allocation
Net cumulative allocation	251.40	100.00
Holdings	268.32	106.73

IV. Outstanding Purchases and Loans: None

V. Projected Obligations to the Fund:

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

	Forthcoming				
	2010	2011	2012	2013	2014
Principal					
Charges/Interest		0.00	0.00	0.00	0.00
Total		0.00	0.00	0.00	0.00

VI. Implementation of HIPC Initiative: Not applicable

VII. Safeguards Assessments: Not applicable

VIII. Exchange Arrangements:

The Qatari riyal has been pegged to the U.S. dollar at QR 3.64 = \$1.00 since July 2002, following an unofficial peg that was in effect since June 1980. Qatar has accepted the obligations under Article VIII, Sections 2, 3, and 4(a) and maintains an exchange system that is free of restrictions on the making of payments and transfers for current international transactions. Qatar maintains exchange restrictions for security reasons, based on UN Security Council Resolutions, that have been notified to the Fund for approval under the procedures set forth in Executive Board Decision No. 144-(52/51).

IX. Article IV Consultation:

The discussions for the previous Article IV consultation took place in Doha in November 2009. The Staff Report and its supplement were approved by the Executive Board on lapse of time basis on February 8, 2010. Qatar moved to a 12-month Article IV consultation cycle in 2007.

X. FSAP Participation, ROSCs, and OFC Assessments:

FSAP missions were conducted in January and May 2007. LEG conducted a detailed assessment of the Qatari anti-money laundering and combating the financing of terrorism (AML/CFT) framework against the Financial Action Task Force (FATF) 40+9 Recommendations, in February 2007. The report was also presented to the Middle East & North Africa Financial Action Task Force (MENAFATF) and the FATF and adopted by these organizations as their own mutual evaluation at their respective plenary meetings of April 2008 and June 2008. The final report was published on the Fund website and a ROSC was circulated to the Executive Board for information in September 2008.

XI. Technical Assistance:

STA	November/December 1994	Multisector Statistics Mission
MAE	June 1995	Financial Sector Reform
MAE	April 1997	Reform of the Qatar Central Bank's legal framework
MAE	September 1998/January 1999	Introducing government bonds and treasury bills
STA	April 2000	Real Sector Statistics
STA	May 2001	Balance of Payments Statistics
STA	January 2005	Multisector Statistics
STA	April 2006	Government Finance Statistics
LEG	November 2006	AML/CFT Pre-assessment
STA	April 2007	GDDS Assessment
LEG	October 2009 (ongoing)	AML/CFT Long-Term Advisor providing TA.
STA	October 2010	Balance of Payments Statistics

XII. Resident Representative: None

ANNEX II. QATAR: RELATIONS WITH THE WORLD BANK GROUP

(As of November 22, 2010)

Strategic Cooperation Program (SCP)

The program of cooperation with Qatar is relatively recent and is based on ad hoc requests from the government for advisory services addressing strategic development issues. The first formal technical cooperation agreement was signed in April 2003 for a Public Transport Sector Reform study. A manpower planning exercise launched in 2003 with the support of the World Bank evolved in 2004 into a Labor Market Strategy for Qatar. The study was completed in June 2005 and could serve as a model for the GCC countries with similar labor issues. The project made a significant impact in Qatar and was widely publicized by the government. In 2007, WBI conducted a study on the Knowledge Economy (KE) development in Qatar, the results of which were discussed at several high-level workshops. During 2008 and the first half of 2009, the Bank continued to support the implementation of the strategy; recently, the government decided to take over further implementation of this program but expected the Bank to continue its support in certain areas of the KE development. In February 2010, Government, represented by the Minister of Economy and Finance, signed the Framework Agreement for Advisory Services with the Bank. Moving forward, the government expressed a strong interest in further collaboration with the World Bank on a number of strategic issues, i.e., public-private partnerships, fiscal management, and macroeconomic modeling (RMSM-X). A new program has been initiated by the Ministry of Business and Trade to address the issues of improving business environment.

Ongoing Projects

- **Business and Trade Development**

The project objective is to develop specific policy measures and interventions for trade facilitation and export development to support high quality investments in Qatar. It aims to identify opportunities to (i) expand the range of markets into which existing export products are sold; (ii) upgrade the quality and value added of existing export products and (iii) expand exports of services.

- **PPP Development**

The Ministry of Business and Trade (MBT) has developed a partnership between its PPP department and the World Bank. The objectives of the recently established partnership are to strengthen the capacity of the PPP department and develop a world-class PPP framework in Qatar. The program starts with the diagnostic report and moves on to the action plan design and implementation support.

- Macro Capacity Development

GSDP requested the Bank's urgent assistance with developing macroeconomic capacity, in particular, using RMSM-X modeling. The Bank retained a macroeconomist who developed the flow-of-funds model and trained several GSDP staff. Follow-up is currently under discussion.

Completed Projects

- Linking Qatar's Medium-Term Development Strategy to the Annual Budget (FY10)
- Economic Diversification Forum (FY10)
- Support to Labor Market Strategy Action Plan: Implementation (FY09)
- Knowledge Economy Strategy and Implementation Assistance (FY09)
- Workshop on "Partnering for Value, Innovation and Job Creation: PPPs in the GCC" (FY06)
- A macroeconomic modeling workshop (FY06)
- Evaluation of Qatar's Payments System (FY05)
- Labor Market Strategy (FY04)
- Investment Climate Workshop (FY04)
- Public Transport Sector Study (FY 03)

ANNEX III. QATAR: STATISTICAL ISSUES

(As of November 2010)

I. ASSESSMENT OF DATA ADEQUACY FOR SURVEILLANCE

General: Economic data are broadly adequate for surveillance but there is substantial scope for improving their frequency, timeliness and coverage. The most affected areas are the real gross domestic product (GDP), financial accounts of the balance of payment, and external debt statistics.

National Accounts: Despite recent improvements, key aggregates are limited to quarterly estimates of GDP at current prices. The accuracy of data in the nonhydrocarbon sector is undermined by the lack of comprehensive source data. In 2010, Qatar Statistics Authority published annual series of real GDP data beginning 2004.

Price statistics: There have been some improvements in the compilation of the consumer price index (CPI). The authorities are now publishing monthly CPI data based on a reweighted and rebased (2007=100) basket, but the index remains deficient. The information related to domestic rents—which form a sizeable share of the basket—reflects only new contracts, leading to an overestimation of the current deflation.

Government finance statistics: The authorities presented to the mission, Government budget and outcomes data according to *Government Finance Statistics Manual 2001* (GFSM) guidelines. However, budget data should be rendered consistent with the data on public sector in the monetary survey and the balance of payments. Data on financing items in the budget are not up to date. Access to this information along with data on the budget outcome for previous fiscal years would enhance the basis for analysis.

Monetary statistics: Monetary data for Qatar Central Bank (QCB) and commercial banks are generally timely and of high quality. The QCB reports monetary data regularly to IMF Statistics Department (STA) for publication in *International Financial Statistics* (IFS) on a monthly basis with a lag of about three weeks. Monthly and quarterly data are also published in the *Quarterly Statistics Bulletin*.

Financial Stability: QCB published and disseminated its first Financial Stability Report in 2010, and plans to make it an ongoing process.

Balance of Payments: The International Transactions Reporting System (ITRS) has not yet stabilized. The recent TA mission observed that there was a general misunderstanding of the concepts and classifications needed to reliably use the ITRS as a main data source for the BOP compilation. The mission recommended that a study be carried out on the feasibility of improving the ITRS system to make it more robust and reliable. This would involve IT resources, training of commercial bank staff, and increased resources from commercial banks. There are significant data gaps in all components of the financial account. There is no compilation for inward or outward direct investment, there are no portfolio investment data compiled for the nonbank sector, and errors and omissions remain large. Moreover, official statistics seem to underestimate total imports. Source data for government external assets are not provided to the QCB for BOP compilation. Although an estimate for flows of

government external assets based on the budget data is included in the balance of payments, no information is provided on the government's stock of external assets, which makes it difficult to appraise the level of investment income with any degree of confidence. The TA mission found that there is potential for new data sources (such as the Qatar Investment Authority, Qatar Statistics Authority, Qatar Financial Center, and Qatar Exchange) to provide data regularly to the QCB. Although the QCB does not currently compile international investment position (IIP) statistics, most new data sources are designed to also provide the data required for the development of an IIP statement. The mission recommended that QCB staff rigorously follow-up with the agencies that have agreed to provide the information to fill important data gaps. The authorities have worked with STA in an attempt to report their BOP data in *Balance of Payments Manual 5/e* (BPM5) format, however there has been insufficient detailed information available to complete this process.

External debt

Detailed data on the country's medium- and long-term external debt are provided to missions during the Article IV consultation discussions. In the recent period, Qatar has issued several international bonds. It is, therefore, important to improve the information flow on external debt and its maturity profile. The Ministry of Economy and Finance is giving priority to the collation and dissemination of complete data on external debt (including government, government enterprises, and non-government corporates).

II. DATA STANDARDS AND QUALITY

Qatar is a General Data Dissemination System (GDDS) participant since December 2005. The GDDS mission of April 2007 updated the GDDS Summary Table II *Data Coverage, Periodicity, and Timeliness*; assessed dissemination practices relative to the requirements of the Special Data Dissemination Standard (SDDS) for coverage, periodicity, and timeliness; and identified major milestones that Qatar would have to reach to graduate from the GDDS to the SDDS. To enhance data dissemination practices, staff *assisted* the authorities in developing a National Summary Data Page (NSDP) and an Advance Release Calendar (ARC).

Qatar: Table of Common Indicators Required for Surveillance
(As of January 2011)

	Date of latest observation	Date received	Frequency of Data ⁶	Frequency of Reporting ⁶	Frequency of Publication ⁶
Exchange Rates	Dec. 2010	Jan. 2011	M	M	M
International Reserve Assets of the Monetary Authorities ¹	Nov. 2010	Dec. 2010	M	M	M
Reserve/Base Money	Nov. 2010	Dec. 2010	M	M	M
Broad Money	Nov. 2010	Dec. 2010	M	M	M
Central Bank Balance Sheet	Nov. 2010	Dec. 2010	M	M	M
Consolidated Balance Sheet of the Banking System	Nov. 2010	Dec. 2010	M	M	M
Interest Rates ²	Nov. 2010	Dec. 2010	M	M	M
Consumer Price Index	Nov. 2010	Jan. 2011	M	M	M
Revenue, Expenditure, Balance and Composition of Financing ³ – General Government ⁴	NA	NA	NA
Revenue, Expenditure, Balance and Composition of Financing ³ – Central Government	2009/10	May 2010	Q	I	I
Stocks of Central Government and Central Government-Guaranteed Debt ⁵	2010	Nov 2010	A	I	I
External Current Account Balance	2009	March 2010	A	A	Q
Exports and Imports of Goods and Services	2009	March 2010	A	A	Q
GDP/GNP	2010 (Q3)	Jan. 2011	Q	I	I
Gross External Debt	2010	Nov 2010	A	I	I
International Investment Position ⁷	Sep. 2010 (incomplete)	Nov. 2010	I	I	NA

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

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

³Foreign, domestic bank, and domestic nonbank financing.

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

⁵Including currency and maturity composition.

⁶Daily (D), weekly (W), monthly (M), quarterly (Q), annually (A), irregular (I); and not available (NA).

⁷Includes external gross financial asset and liability positions vis-avis nonresidents.