

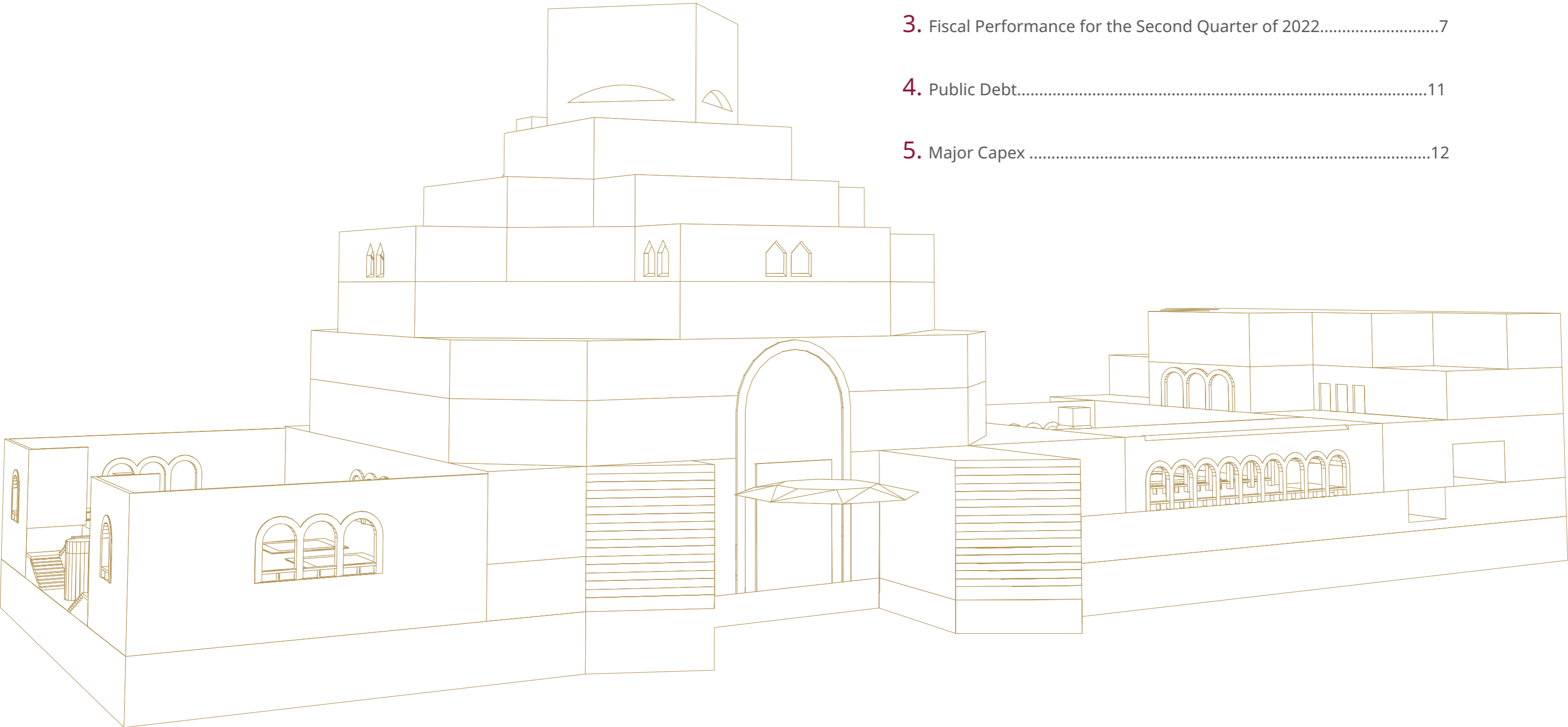
بيان الموازنة العامة
PUBLIC BUDGET STATEMENT

• The Second Quarter of 2022 •



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Executive Summary

- 1. According to the Planning and Statistics Authority (PSA), real GDP in Q1-2022 increased by 2.5% compared to Q1-2021. The non-hydrocarbon sector recorded a growth of 5.2% and the hydrocarbon sector recorded a decline of 1.7% in Q1-2022 compared to the same period last year.

- 2. Total revenue amounted to QR85.8 billion in the Q2-2022, increasing by 31.8% in comparison with Q1-2022. The increase is the result of from higher-than-budgeted oil prices and the collection of corporate income tax in April 2022. Total expenditure reached QR 52.1 billion in Q2-2022, recording an increase of 1.3% compared to the previous quarter. Overall, the State budget recorded a surplus of QR33.7 billion in Q2-2022.

- 3. Chapter IV “Major Capex” decreased by 9.0% compared to the previous quarter and is in line with the 2022 Budget. Newly awarded projects during the second quarter of 2022 totaled QR0.8 billion.

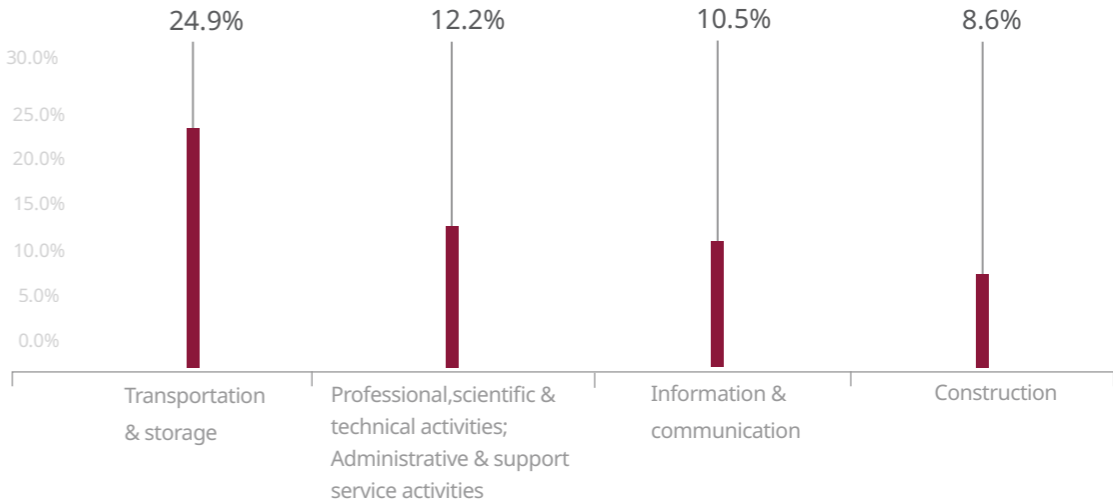
- 4. Total public debt reached QR373.4 billion by the end of Q2-2022. This includes both domestic and external public debt, representing a marginal decrease of 0.4% compared with the level of debt at the end of Q1-2022.

Economic Indicators

According to the Planning and Statistics Authority (PSA), real GDP in Q1-2022 increased by 2.5% compared to Q1-2021. The non-hydrocarbon sector recorded a growth of 5.2% and the hydrocarbon sector recorded a decline of 1.7% in Q1-2022 compared to the same period last year.

The transportation and storage sector continues to be the best performing sector, recording a growth of 24.9% in Q1-2022 compared with the same period last year. This reflected the continued recovery and growth momentum of the sectors that had been negatively affected by corona virus-related restrictions in 2020. The professional, scientific, and technical activities sector recorded an increase of 12.2% y-o-y in Q1-2022. Moreover, the information and communication sector recorded strong real y-o-y growth of 10.5% in Q1-2022. The construction sector’s performance was robust, increasing by 8.6% in Q1-2022 compared with the same period last year.

Percentage change in sectoral real GDP growth Q1-2022 / Q1-2021



Real y-o-y growth of the hydrocarbon stood at negative 1.7% in Q1-2022. This drop was driven primarily by scheduled routine the maintenance. The performance level of hydrocarbon production in the short term is expected to remain stable with minor fluctuations reflecting maintenance schedule and the global forces of demand and supply.

Year On Year Change	Q1-2022	Q4-2021	Q1-2021
Real GDP growth	2.5%	2.0%	-2.5%
Hydrocarbon	-1.7%	1.3%	-2.3%
Non-Hydrocarbon	5.2%	2.3%	-2.7%

Fiscal Performance for the Second Quarter of 2022

Total expenditure during the second quarter of 2022 accounted for QR52.1 billion, recording a slight increase of 1.3% compared to the previous quarter.

Total revenue amounted to QR85.8 billion which shows an increase of 31.8% in comparison with Q1-2022. Similar to the previous quarter, revenue continued to outperform the state budget as oil prices remained higher than the conservative \$55 per barrel budget assumption.

Due to the robust revenue growth and controlled expenditure, the state budget recorded a surplus of QR33.7 billion in Q2-2022.

Average Oil Price

\$ 111.8 Per barrel

Total Revenue

QR85.8 billion

Total Expenditure

QR 52.1billion

Surplus

QR 33.7 billion

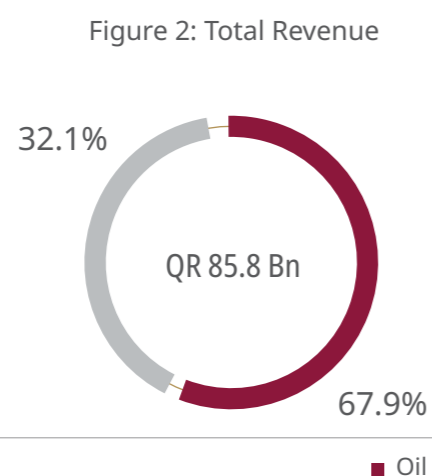
Revenue

Item (QR Billion)	2022 Budget	Q2-2022	Percent of 2022 Budget	Q-o-Q Change	Y-o-Y Change
Oil & Gas Revenue	154.0	58.2	37.8%	-2.0%	89.5%
Non- Oil Revenue	42.0	27.5	65.6%	387.6%	42.5%
Total Revenue	196.0	85.8	43.8%	31.8%	71.3%

Total revenue for Q2-2022 amounted to QR85.8 billion which represents an increase of 31.8% compared to the previous quarter. The growth in total revenue was primarily supported by the increase in non-oil revenue attributed to the collection of corporate income tax in April 2022.

The total oil and gas revenue amounted to QR58.2 billion, which represents an increase of 89.5% compared to the same period last year supported by the higher oil prices.

Non-oil revenue for Q2-2022 totaled QR27.5 billion, which represents 65.6% of the 2022 budget. The substantial share of budgeted non-oil revenue for 2022 was achieved in Q2-2022 due to the timing of corporate income tax collection. The achieved revenue in Q2-2022 was largely on target leaving the Ministry of Finance's estimate for total 2022 non-oil revenue unchanged at QR42.0 billion.



Expenditure

Item (QR Billion)	2022 Budget	Q2 - 2022	Percent of 2022 Budget	Q-o-Q Change	Y-o-Y Change
Salaries and Wages	58.5	17.5	30.0%	14.2%	15.7%
Current Expenditure	67.2	16.7	24.9%	1.3%	9.6%
Minor Capex	4.6	1.1	23.1%	-6.6%	28.8%
Major Capex	74.0	16.7	22.6%	-9.0%	11.8%
Total Expenditure	204.3	52.1	25.5%	1.3%	12.6%

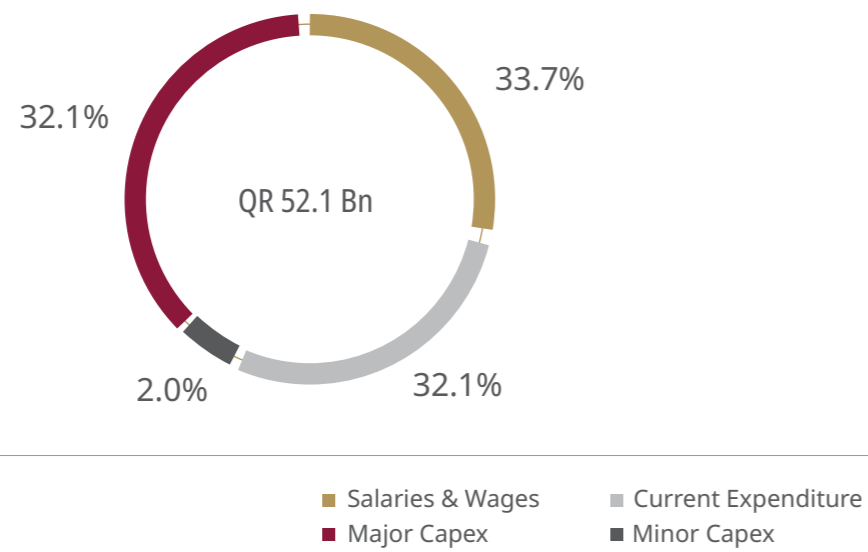
Total expenditure for the second quarter of 2022 amounted to QR52.1 billion, representing a modest increase of 1.3% compared to the previous quarter. Total public expenditure for Q2-2022 accounted for 25.5% of the 2022 budget, highlighting the strong fiscal discipline observed by the State.

Chapter I "Salaries and Wages" increased by 14.2% compared to the previous quarter. This is mainly due to advance payments to some sectors.

Chapter II "Current Expenditure" increased by 1.3% compared to the previous quarter.

Chapter IV "Major Capex" decreased by 9.0% compared to the previous quarter and is in line with the 2022 Budget. Newly awarded projects during the second quarter of 2022 totaled QR0.8 billion.

Figure 3: Total Expenditure



Public Debt

Total public debt reached QR373.4 billion by the end of Q2-2022. This includes both domestic and external public debt, representing a marginal decrease of 0.4% compared with the level of debt at the end of Q1-2022. The total public debt decreased due to the scheduled redemption plan, including QR1.4 billion redemption related to external loans which were repaid during Q2-2022. There was no new external issuance for the period.

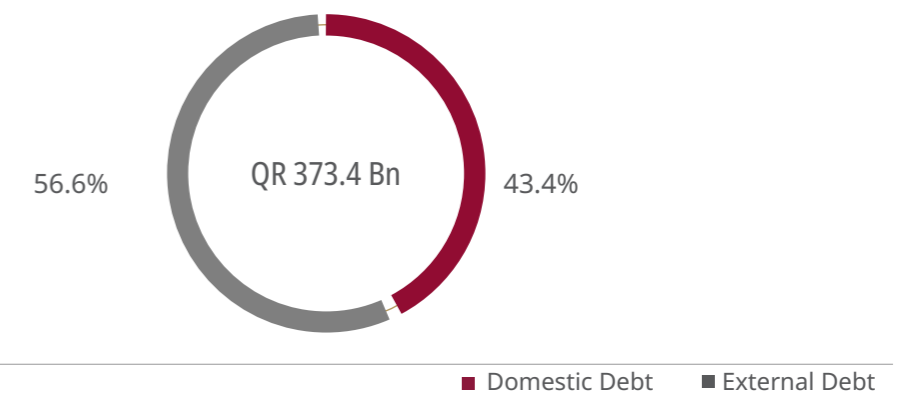
Domestic Debt

Total domestic public debt stood at QR162.2 billion, as of June 30th, 2022, which represents 43.4% of the overall public debt. The composition of domestic debt includes domestic bonds and domestic loans.

External Debt

Total external public debt at the end of June 2022 stood at QR211.2 billion, which represents 56.6% of the total public debt. The external debt consists of government external bonds and external loans.

Figure 4: Public debt



Major Capex

Awarded Projects During the Second Quarter of 2022	QR Million
Infrastructure and Roads	489.2
Sewer and Drainage	63.7
Parks and Green Areas	168.3
Miscellaneous	65.7
Total	786.9

Budget Terms

Public Budget

A detailed official estimate that includes a statement of the estimated revenue to be collected and the expenditure estimated by government financial units for a future fiscal year.

Revenue

All revenues that the State receives from income from natural sources, taxes, customs, fees for services and all other sources of income.

Expense

All expenditure that the State spends to ensure the provision of services to all citizens, including various current and capital expenditure.

Budget Balance (Surplus / Deficit)

The difference between expected revenue and planned expenses, a “surplus” occurs when revenue exceed expenditure and a “deficit” occurs when expenses exceed revenue.

Chapter One (Salaries and Wages)

Expenses related to all salaries, wages, allowances and remunerations of employees and workers in ministries and government agencies.

Chapter Two (Current Expenditure)

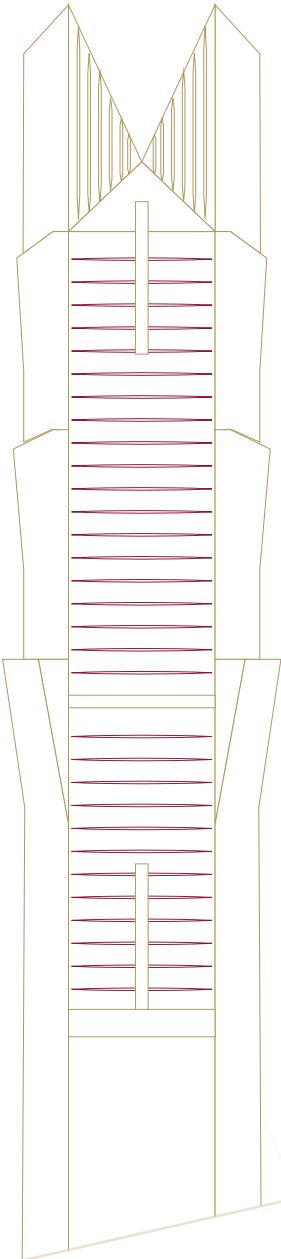
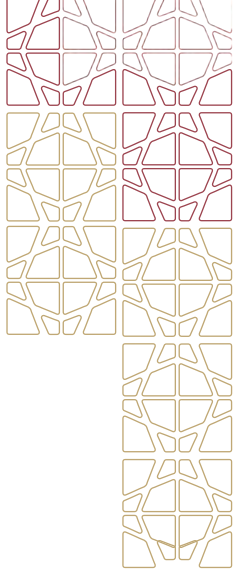
All expenses necessary for the works and services performed by the State and its various agencies, including the cost of the necessary materials and of various services.

Chapter Three (Minor Capex)

Expenditure on fixed assets necessary to enable ministries and government agencies to perform their tasks including all devices and equipment, whether required for new purposes or for the purpose of replacement.

Chapter Four (Major Capex)

Expenditure allocated for long-term development projects to ensure the development and modernization of services and facilities provided by the State in a way that contributes to economic growth.



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MINISTRY OF FINANCE

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