

Ministry of Finance announces Qatar's 2024 general budget

Health and education sectors account for 20% of the total budget, with non-oil revenue estimated to reach QAR 4.3 billion

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His Excellency Ali bin Ahmed Al Kuwari, Minister of Finance, unveiled the State of Qatar's general budget for the 2024 fiscal year during a press conference today, setting the total expenditure at QAR 200.9 billion (approximately \$55.1 billion), a 1% increase compared to the current year's budget.

During the announcement, HE outlined that next year's budget will adopt a conservative approach in estimating oil and gas revenues, in line with international best practices, and to achieve a strong financial plan suited to withstand fluctuations in energy markets. As a result, an average oil price of \$60 per barrel has been set, compared to \$65 in 2023. This will lead to a 11.4% decrease in the anticipated revenue generation for 2024, with the total amounting to QAR 202 billion.

HE noted that estimates for next year's total oil and gas revenues are projected to be QAR 159 billion, compared to QAR 186 billion in 2023, which represents a decrease of 14.5%. Regarding non-oil revenues, HE noted that they are estimated to reach QAR 43 billion, an increase of approximately 2.4% compared to the current year's budget.

In addition, HE confirmed that the 2024 budget will focus on driving forward the third National Development Strategy (NDS3) objectives of enhancing non-oil sectors, where goals were set for the potential growth of this sector.

HE noted that should total expenditures remain at their current levels, the budget is expected to produce an estimated surplus of QAR 1.1 billion, compared to the 2023 budget surplus estimate of QAR 29 billion, adding that Qatar is set to pay off approximately QAR 7.3 billion of debt, resulting in a projected cash deficit of QAR 6.2 billion.

Financial sustainability

Speaking on securing Qatar's economic sustainability, HE praised a 4.3% growth in the industrial sector in the first half of the current year, and the success of the tourism sector in offsetting the slight decline in construction – in which Qatar achieved a record number of 3.54 million visitors from the beginning of the year until last November. HE also emphasised on the impact of the country's rigorous financial practices on its credit rating, which is recognised as among the best in the region and globally.

In addition, HE underscored the significance of taxes in diversifying the country's revenues and managing its economy during crises, noting that while current conditions do not favour the imposition of new taxes, taxes on harmful products, such as sweetened and carbonated drinks, aim to safeguard public health.

Declining Inflation

Speaking on the expected inflation rates, HE affirmed that the inflation witnessed in Qatar in 2023 was temporary and associated with a specific period and reasons, such as a surge in food prices. He added that inflation rates are returning to their average levels, which rank as the best in the region and globally.

Budget pillars

The 2024 budget is structured around four pillars, which are: allocating resources for the third National Development Strategy (NDS3); raising spending efficiency; setting targets within the medium-term budget, allocating resources to meet Qatar's spending needs in order to adhere to financing plans; and finally, supporting efforts to diversify the economy, including by enhancing public-private partnerships.

Empowering the private sector

Driving forward Qatar's commitment to enhancing strategic partnerships between the public and private sectors, the 2024 budget will provide various opportunities to include private sector entities in national projects, including the development of government schools, and the Al Wakrah and Al Wukair wastewater project.

Moreover, HE announced that to further increase private sector contributions to the NDS3, plans for collaboration opportunities are being prepared along with the Ministry of Commerce. He went on to praise the localisation programs for prioritising Qatari companies, products, content and citizens.

Speaking about the 1% increase in expenditure, HE explained that spending on salaries and wages will see an increase of QAR 1.5 billion, with the total budget amounting to a total of QAR 64 billion, which reflects the rise of employment rates in Qatar.

HE also announced the allocation of QAR 500 million towards enhancing national employment opportunities and empowering human capital within the labour market, noting that unemployment has reached its lowest rates to date, following the employment of around 3,000 Qataris between January and September of this year.

Priority sectors

For the second consecutive year, and in line with Qatar's continued dedication to developing health and education, allocations for the two sectors have increased, with both amounting to 20% of the total new budget.

As for health sector spending, 11% of the budget has been set, with a large portion dedicated to developing the National Cancer Hospital, establishing a psychiatric hospital specialised in mental health, renovating and redeveloping structures within the Medical City, including the Hamad Medical Corporation hospital buildings, as well as establishing healthcare centres in Umm Ghuwailina and Khalifa City.

Meanwhile, 9% of the budget will be used for education sector projects, including the modification and expansion of 16 existing schools to further enhance their infrastructure and academic facilities and increasing the allocations for education vouchers for students with disabilities – all with the aim of facilitating a greater learning environment and accommodating to the evolving needs of students and teachers alike. Additionally, Qatar has allocated resources to construct dedicated buildings for the Faculties of Medicine and Science at Qatar University to further modernise learning environments and facilitate new research opportunities for higher education students.

Government debt

As a result of the Qatar's commitment to repaying external debt and the growth of its Gross Domestic Product (GDP) at current prices, Qatar's public debt shrank from 58.4% of GDP in 2021 to approximately 42.5% in 2022, and is expected to continue to fall to 39.4% in 2023, and 37.4% in 2024. Speaking at the press conference, HE praised that the decline in external public debt has directly contributed to the improvement of the country's credit rating.

Sovereign rating

Addressing Qatar's credit standing, HE pointed to stellar ratings from various international companies; including FitchRating, which upgraded its outlook from stable to positive in 2023; Moody's, which reaffirmed its positive outlook, and Standard & Poor's, which provided an "AA" rating. HE noted that these positive ratings solidify the country's financial stability, and demonstrate the strength and resilience of the local economy, both of which have contributed to increased foreign investments.

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