



The economic impact of Qatar Financial Centre in 2018

November 2020



مركز قطر للمال
Qatar Financial Centre

Contents

Executive summary	
1.1 Summary of this study	01
Introduction	
2.1 Background to QFC	03
2.2 QFC evolution over time	04
2.3 Purpose of this report	05
Overview of QFC	
3.1 QFC governing entities and companies	07
3.2 QFC companies growth over time	08
3.3 QFC companies sectoral breakdown	09
3.4 QFC companies available data	10
3.5 QFC sectors assets and revenues	11
GVA impact	
4.1 Direct GVA impact	14
4.2 Indirect GVA impact	15
4.3 Induced GVA impact	16
4.4 Total GVA impact	17
4.5 GVA impact by sector type	18
4.6 GVA impact – key takeaways	19
Employment impact	
5.1 Direct employment impact	21
5.2 Indirect employment impact	22
5.3 Induced employment impact	23
5.4 Total employment impact	24
5.5 Employment impact by sector type	25
5.6 Employment impact – key takeaways	26
Approach and methodology	
6.1 Economic model	28
6.2 Data	29
6.3 Sector impacts calculation approach	30
Concluding remarks	
7.1 Summary of economic impacts	32
7.2 QFC contribution to Qatar GDP	33
7.3 QFC sector value added to revenue ratios	34
Appendix	
A. Input-Output model assumptions	35
B. Multipliers	36
C. Summary of transcriptions	37

Abbreviations

COE	Compensation of employees
CGE	Computable General Equilibrium
CSB	Central Statistical Bureau
EIA	Economic impact assessment
FDI	Foreign direct investment
FTE	Full-time employee
IC	Intermediate consumption
IO	Input-Output
GDP	Gross domestic product
GOS	Gross operating surplus
GVA	Gross value added
LLC	Limited Liability Company
LLP	Limited Liability Partnership
PDF	Portable document format
PSA	Planning and Statistics Authority
QAR	Qatari riyal
QFC	Qatar Financial Centre
QFCA	Qatar Financial Centre Authority
QFCRA	Qatar Financial Centre Regulatory Authority
QIA	Qatar Investment Authority
QICDRC	Qatar International Court and Dispute Resolution Centre
QP	Qatar Petroleum
SPC	Special Purpose Company
USD	US dollar



1

Executive summary

1.1 Summary of this study



\$1.89b

in **gross value added (GVA)** was supported through QFC activities

\$185m Induced
\$873m Indirect
\$829m Direct Impact

1%

of **Qatar's GDP*** was supported by QFC

Or

1.5%

of Qatar's **non-oil GDP** was supported by QFC



12,433

Jobs were supported by QFC activities in the Qatar economy

3,191 **Jobs through direct impacts**
 created directly by QFC activities

7,467 **Jobs through indirect impacts**
 supported through spending on local suppliers

1,785 **Jobs through induced impacts**
 supported by employee spending (e.g, on housing, education etc.)

Top sectors by total GVA



Holding Company
\$876m**

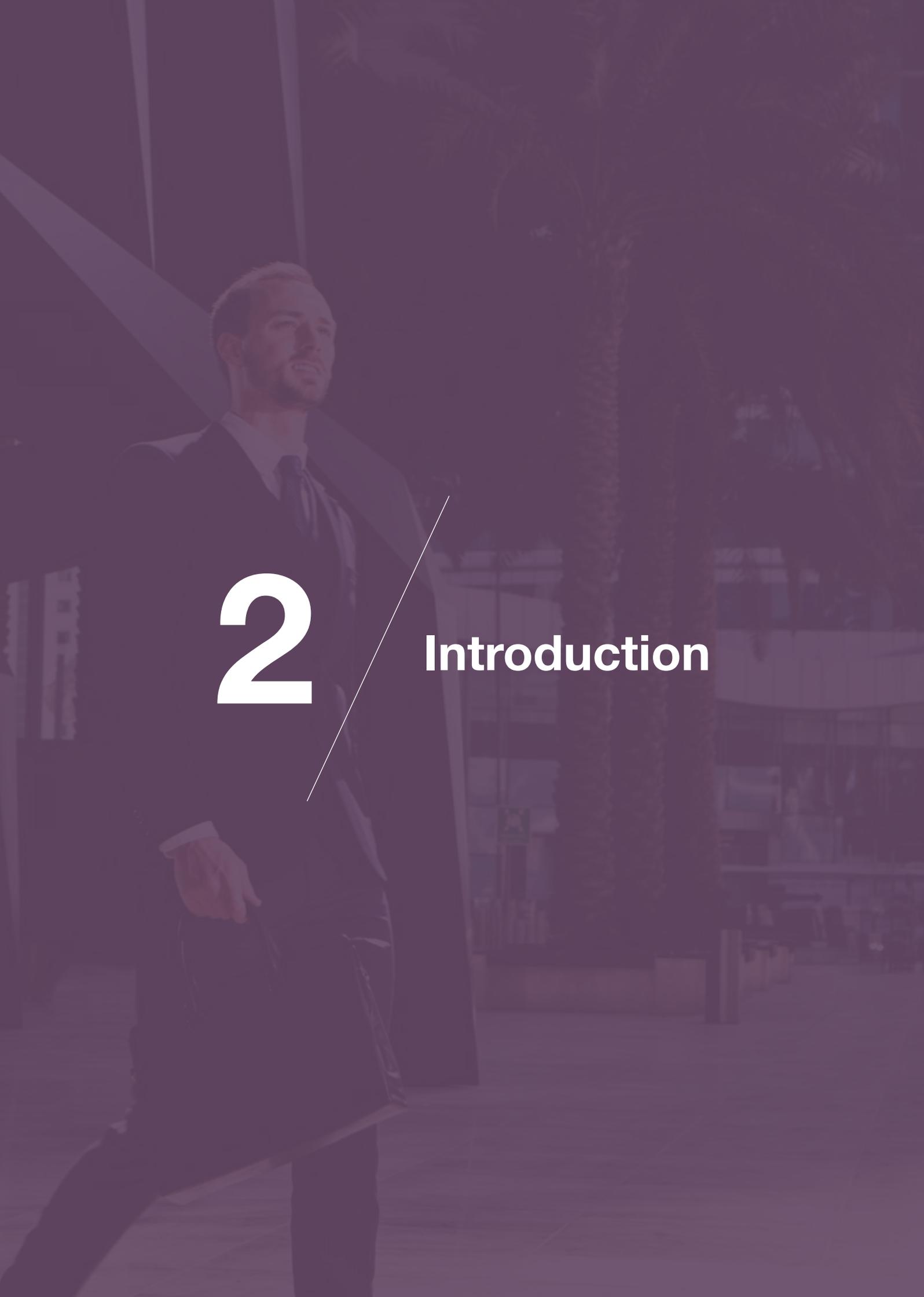


Management Office
\$194m



Consultancy Services
\$180m

Since 2015, QFC's GVA impact has increased by 24%* and jobs impact has risen by 48%**

A man in a dark suit and tie is walking towards the right, looking slightly upwards and to the right. He is carrying a dark bag. The background shows a modern building with large windows and palm trees. The entire image has a purple tint.

2

Introduction

2.1 Background to QFC

Qatar Financial Centre (QFC) provides a best-in-class platform for international companies to expand into Qatar and the region

The Qatar Financial Centre (QFC) is a Qatari government institution focusing on Qatar's financial and business sectors. It is located in Doha, the capital city, and was founded in 2005 with a mandate to attract international banking, insurance, business and other services in order to grow and develop the financial services sector in Qatar and the region. At the end of 2018, 492 companies were registered in QFC.

As a global business and financial centre, QFC provides a best in-class platform for international companies to expand into Qatar and the region as well as local and regional companies to expand internationally. In line with this, QFC plays several critical roles for the Qatari economy. Firstly, it is a gateway for foreign direct investment (FDI) into Qatar. Secondly, it serves as an ecosystem to facilitate knowledge transfer from leading international companies. Further, it provides a diversity of funding channels for both foreign investors and local entities, as corporate banks and advisory firms on QFC's platform channel credit from their home countries, which include twelve jurisdictions spanning four continents.

Economic context

With a total nominal gross domestic product (GDP) of US Dollar (USD) 191.4 billion in 2018, Qatar is one of the largest economies in the Middle East. Within the Qatari economy, QFC's economic activities mainly fall into the financial and insurance activities and professional, scientific and technical activities macroeconomic sectors, collectively referred to as the finance and business services sector in this report. This sector had a GDP of USD 20.3 billion in 2018. However, QFC is also focusing on the Digital, Media and Sports sectors, which are likely to extend its direct footprint to a wider range of sectors in Qatar.

Table 1: Qatar finance and business services sector and total GDP, 2018

Qatar GDP data, 2018	USDm
Financial and insurance activities sector GDP	14,277
Professional, scientific and technical activities sector GDP	6,070
Total finance and business services GDP	20,347
Total Qatar GDP	191,362

2.2 QFC evolution over time

QFC's contribution to Qatar as a financial ecosystem extends beyond its quantifiable economic footprint

QFC's role and contribution to Qatar has evolved since its inception – and continues to evolve. The infographic below segments QFC's evolution into three key distinct periods. In Phase 1, spanning from 2005 to 2009, QFC onboarded a large number of Western banks and insurance companies. In Phase 2, from 2010 to 2017, QFC brought in a large number of ancillary services to support this activity, expanding non-regulated firms in Qatar to diversify service offerings, new products and support the financial services ecosystem. Finally, in Phase 3, which started in 2018, QFC's focus is driven by Strategy 2022. Further, QFC is also an important platform for several key Qatari organisations such as Qatar Petroleum (QP), Qatar Investment Authority (QIA), Ooredoo and Katara Hospitality. These entities use QFC to set up holding companies and special purpose vehicles for a variety of domestic and international transactions.

However, because not all government-held holding companies need to report their financials due to an October 2017-dated ruling, the collection of holding company data is less in 2018 than in 2015. If all holding companies accounted for in the 2015-dated economic impact assessment (EIA) were included, QFC would likely show a larger aggregate GVA. QFC also adds significant value through developing the financial ecosystem in the country. For instance, QFC financial institutions engage across several complementary business lines, led by loans, advances, as well as bank placements. Between 2013-2018, over half of QFC banks' loans and advances were term loans, primarily directed towards project and equipment finance. Some of these benefits are less easily quantified in terms of the economic impact they are likely to generate in Qatar, but are also likely to be very significant.*



Phase 1 (2005-2009)
Western Banks and Insurance companies



Phase 2 (2010-2017)
Ancillary Services



Phase 3 (2018-2022)
Strategy 2022 Driven

*See <https://www.jbic.go.jp/en/information/press/press-2019/1119-012769.html>, as an example of a foreign investor securing financing through foreign banks on QFC's platform.

2.3 Purpose of this report

This report's purpose is to quantify QFC's economic impact on GVA and employment in Qatar across direct, indirect and induced effects

The purpose of this report is to estimate the economic contribution of QFC to Qatar in 2018 with regard to gross value added (GVA) and employment, using the Input-Output (IO) economic model. GVA is equal to GDP less net indirect taxes. The GVA estimates in this report can therefore be broadly understood as GDP contributions. Each measure of economic impact is estimated

across three distinct types of contributions: direct, indirect and induced effects, as set out in the infographic below. In total, the direct, indirect and induced impacts show the total economic footprint of QFC's activities in the Qatari economy in 2018. Further detail on this economic model is provided in section 6.

Measures Of Economic Impact



GVA Impact

QFC's contribution to value added in Qatar economy



Employment Impact

QFC's contribution to jobs supported in Qatar economy

Types Of Economic Impact



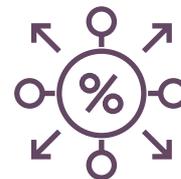
Direct Impacts

Impacts created directly by QFC



Indirect Impacts

Impacts created through QFC's local supply chain



Induced Impacts

Impacts created through employee spending (such as on children's quality education, upmarket housing and other domestic personal expenditures)



3

Overview of QFC

3.1 QFC governing entities and companies

QFC has three governing entities and its companies are segmented into 16 sectors, which are either regulated or non-regulated

QFC's economic contribution arises from two sources. The first source is its governing entities, referred to as QFC entities in this report. The second and larger source is the companies that are registered within QFC, referred to as QFC companies in this report. Although QFC companies are the main driver of QFC's economic impact, QFC entities also contribute to the economy through the employment they generate and associated income earned. Detail on both QFC entities and QFC companies is set out below.

QFC entities

QFC is overseen by the following bodies:

1. Qatar Financial Centre Authority (QFCA), the commercial arm of the QFC;
2. QFC Regulatory Authority (QFCRA), which is the independent regulator of the QFC and
3. Qatar International Court and Dispute Resolution Centre (QICDRC), which comprises the Civil and Commercial Court (resolving disputes between QFC firms and their counterparties) as well as the Regulatory Tribunal (for appeals against QFCRA's decisions).

QFC companies

QFC companies can be grouped in two ways:

1. Regulation of sector: QFC companies are either regulated or non-regulated and
2. QFC sector: Each company can be mapped to a sector based on its activity type.

The 16 QFC sectors and their regulation status are set out opposite. The QFC companies economic impacts in this reported are broken down by regulation status and QFC sector.

Table 2: List of QFC sectors

QFC sector	Regulation status
Corporate Bank	Regulated
Insurance	Regulated
Insurance Intermediary	Regulated
Investment Services	Regulated
Investment Bank	Regulated
Consultancy Services	Non-regulated
Digital	Non-regulated
Holding Company	Non-regulated
Insurance Administration	Non-regulated
Legal Services	Non-regulated
Media	Non-regulated
Management Office	Non-regulated
Non-Profit	Non-regulated
Other Professional Services	Non-regulated
Special Purpose Company (SPC)	Non-regulated
Sports	Non-regulated

3.2 QFC companies growth over time

In 2018, 145 new companies were registered in QFC for a total of 492 registered companies at the end of 2018

Table 3: QFC firms registered on our platform (net of deregistrations):

Year	Legal Status Type*											
	Foundation	Holding Co LLC	Investment Club	LLC (G)	Non-Regulated LLC	Non-Regulated LLC Branch	Non-regulated LLP	Non-regulated LLP Branch	Regulated LLC	Regulated LLC Branch	SPCs LLC	Grand Total
2005	-	-	-	-	-	-	-	-	1	-	-	1
2006	-	2	-	-	3	-	2	2	5	4	-	18
2007	-	1	-	-	6	2	-	-	4	5	-	18
2008	-	-	-	-	4	3	-	1	5	7	-	20
2009	-	-	-	-	-	1	-	1	5	4	-	11
2010	-	-	-	-	2	2	-	-	1	-	-	5
2011	-	3	-	-	1	-	-	2	3	3	-	12
2012	-	9	-	-	2	2	-	1	1	2	-	17
2013	-	2	-	-	3	1	1	1	1	-	-	9
2014	-	7	-	-	6	2	-	-	1	1	2	19
2015	-	12	-	2	21	8	2	-	1	1	3	50
2016	-	11	-	11	20	14	1	-	-	1	-	58
2017	1	27	-	10	27	8	2	1	-	1	25	102
2018	-	22	1	11	78	18	1	1	-	-	13	145
2019	1	20	-	14	117	25	1	-	4	-	18	200

Source: QFCA.

Note: the table above features registrations net of deregistrations as of today. * For Legal status type definitions, please refer to the abbreviations page.

3.3 QFC companies sectoral breakdown

The majority of QFC companies are non-regulated, and nearly 15% of non-regulated companies are in the digital, media and sports sectors

Chart 1: QFC companies in 2018 by sector type

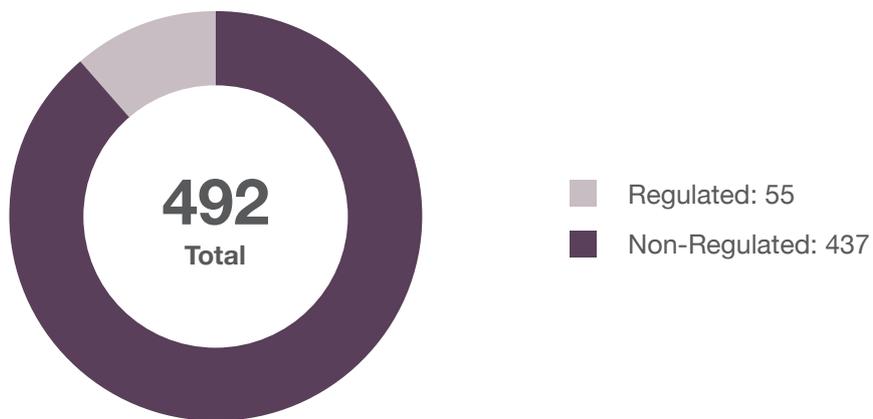


Chart 2: Breakdown of QFC non-regulated companies, 2018



3.4 QFC companies available data

The analysis in this report is based on available financial statements, which is smaller than the total population of companies

Chart 3: Comparison of QFC companies with available financial statements, 2018

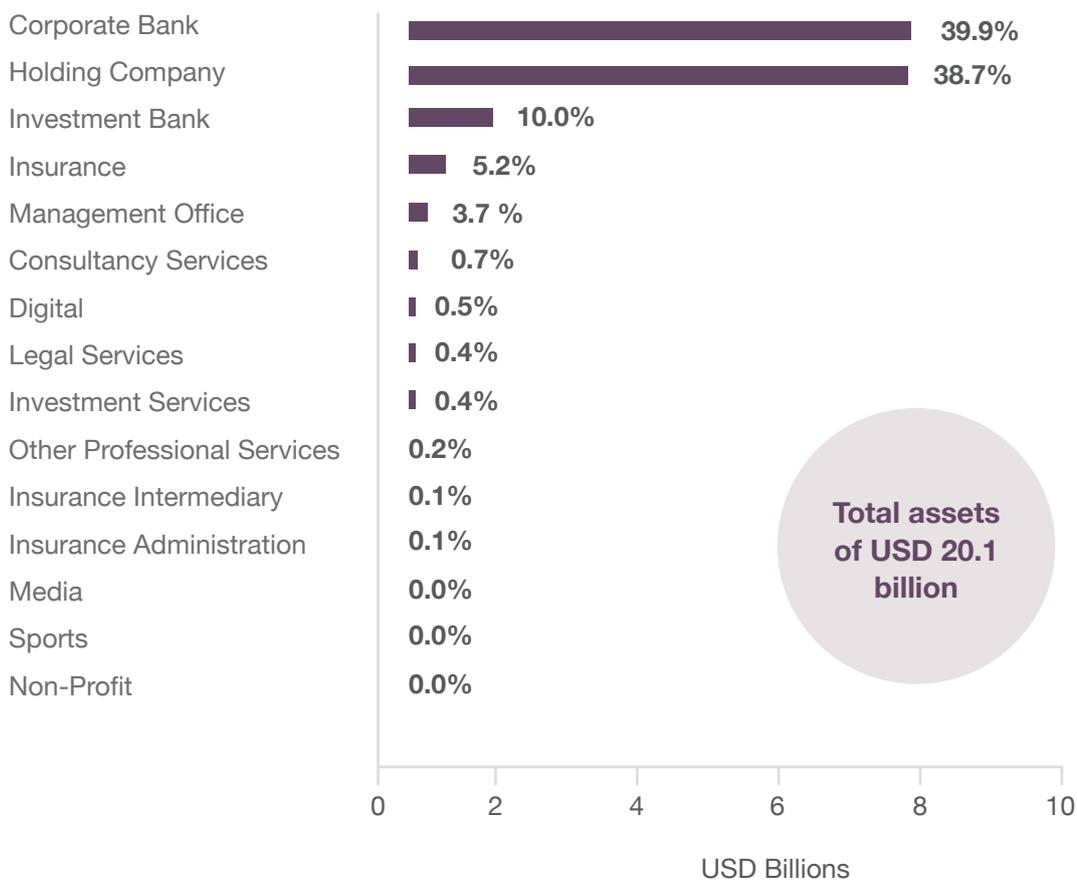


As set out on Page 13, in total there were 492 companies registered in QFC in 2018, out of which 146 were newly registered in 2018. However, there were only 277 available company financial statements, which the economic impacts in this report have been estimated on. This could potentially lead to an understatement of the economic impact, dependent on the financial performance of the companies not included in the report.

3.5 QFC sectors assets and revenues

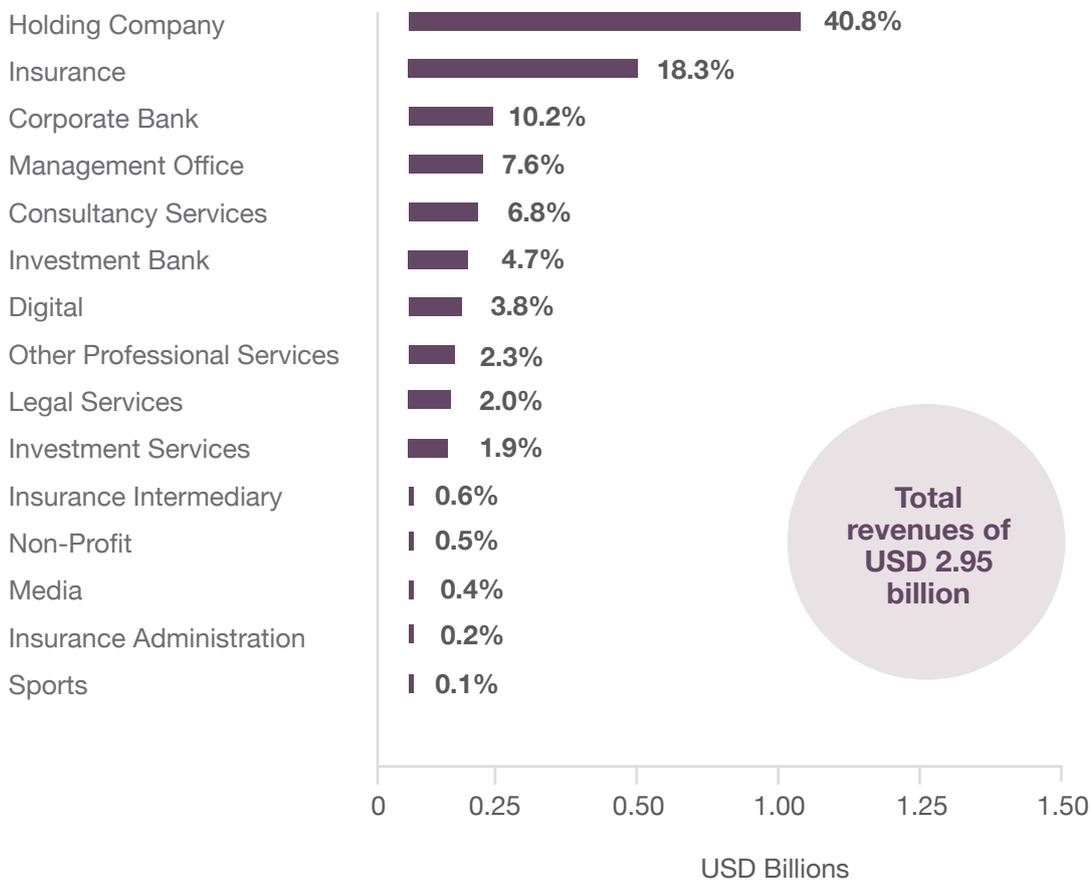
In 2018, QFC companies held over USD 20 billion of assets and created almost USD 3 billion of revenues*

Chart 4: QFC companies assets in 2018 by sector



Source: QFCA and QFC companies financial statements. Note that revenues are based on 277 QFC companies and assets are based on 278 QFC companies. *Qatar Holding, which was a large holding company included in the 2015 economic impact assessment report, is not included in this report due to an October 2017-dated ruling. As such, the economic impact estimates in this report are not directly comparable to the figures from the 2015 report.

Chart 5: QFC companies revenues in 2018 by sector



Source: QFCA and QFC companies financial statements. Note that revenues are based on 277 QFC companies and assets are based on 278 QFC companies.



4

GVA impact

4.1 Direct GVA impact

QFC’s direct GVA contribution to Qatar in 2018 was USD 829 million, nearly half of which was from the Holding Company sector

Chart 6: QFC entities and companies direct GVA impact, 2018

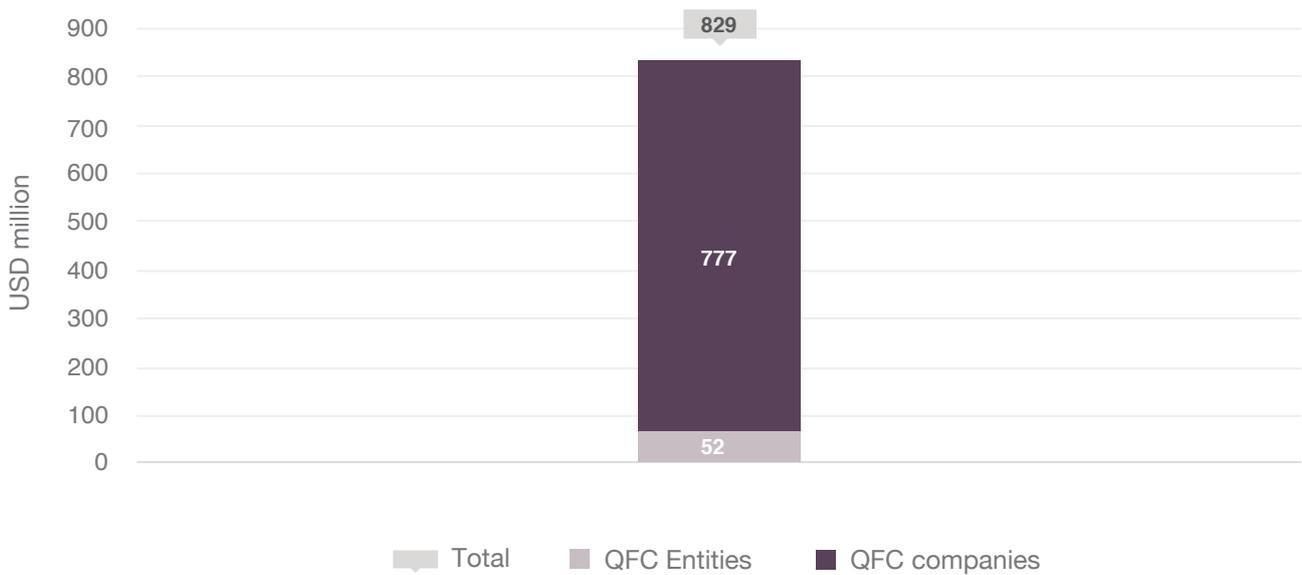
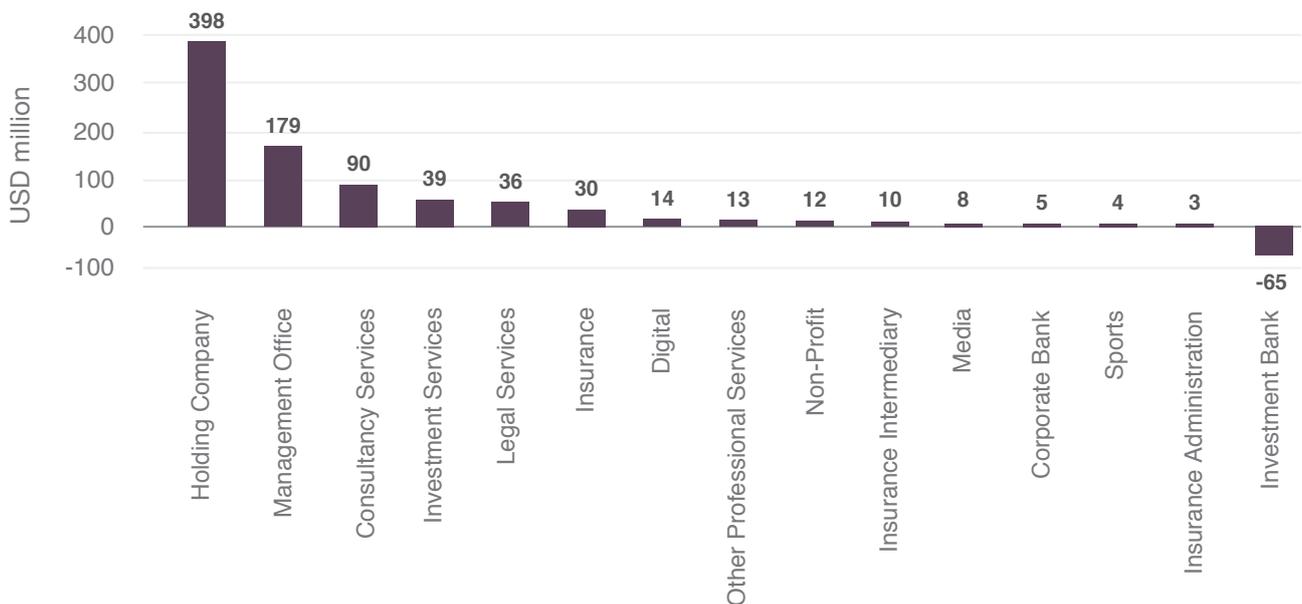


Chart 7: QFC companies direct GVA impact by sector, 2018



Source: QFCA, QFCRA and QFC companies financial statements. All companies estimates are based on 277 companies. The Investment Bank sector has a negative direct GVA impact because the sector has a small number of companies, one of which made a very large operating loss.

4.2 Indirect GVA impact

QFC's indirect GVA contribution to Qatar in 2018 was USD 873 million, nearly 60% of which was from Holding Company and Insurance sectors

Chart 8: QFC entities and companies indirect GVA impact, 2018

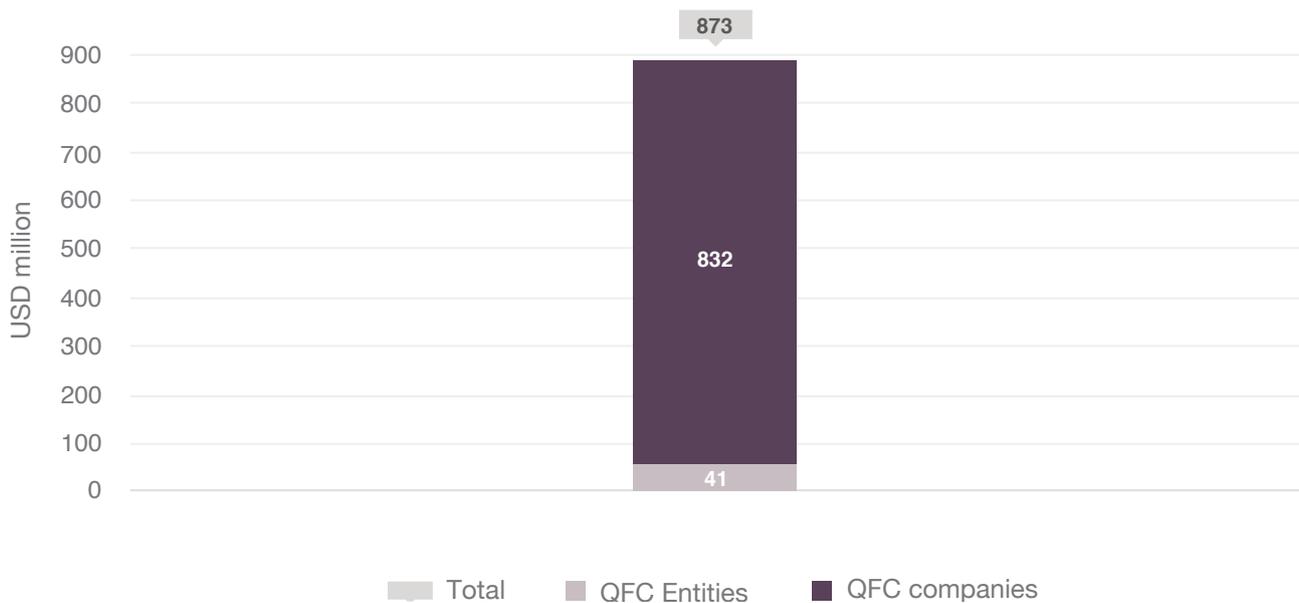
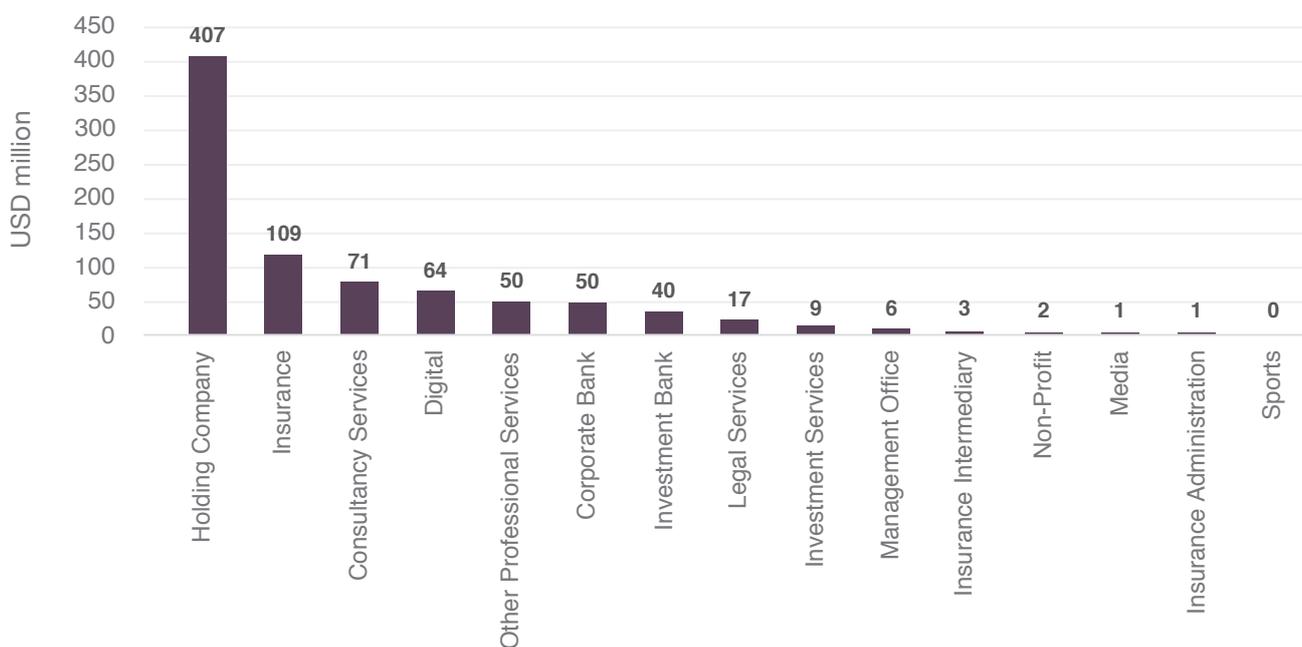


Chart 9: QFC companies indirect GVA impact by sector, 2018



4.3 Induced GVA impact

QFC’s induced GVA contribution to Qatar in 2018 was USD 185 million, nearly half from the Holding Company and Consultancy Services sectors

Chart 10: QFC entities and companies induced GVA impact, 2018

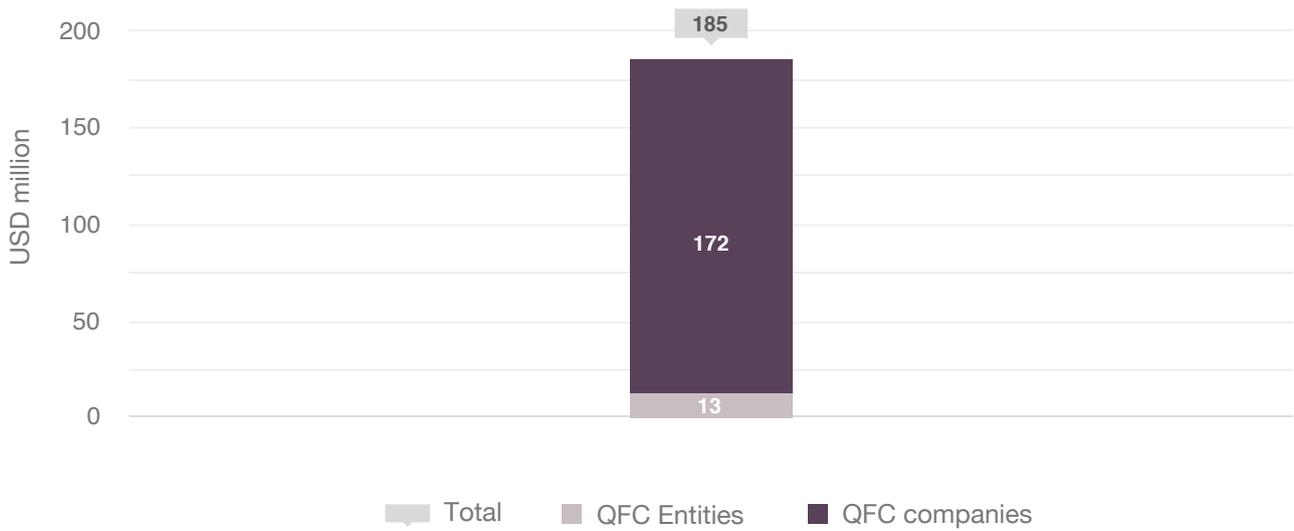
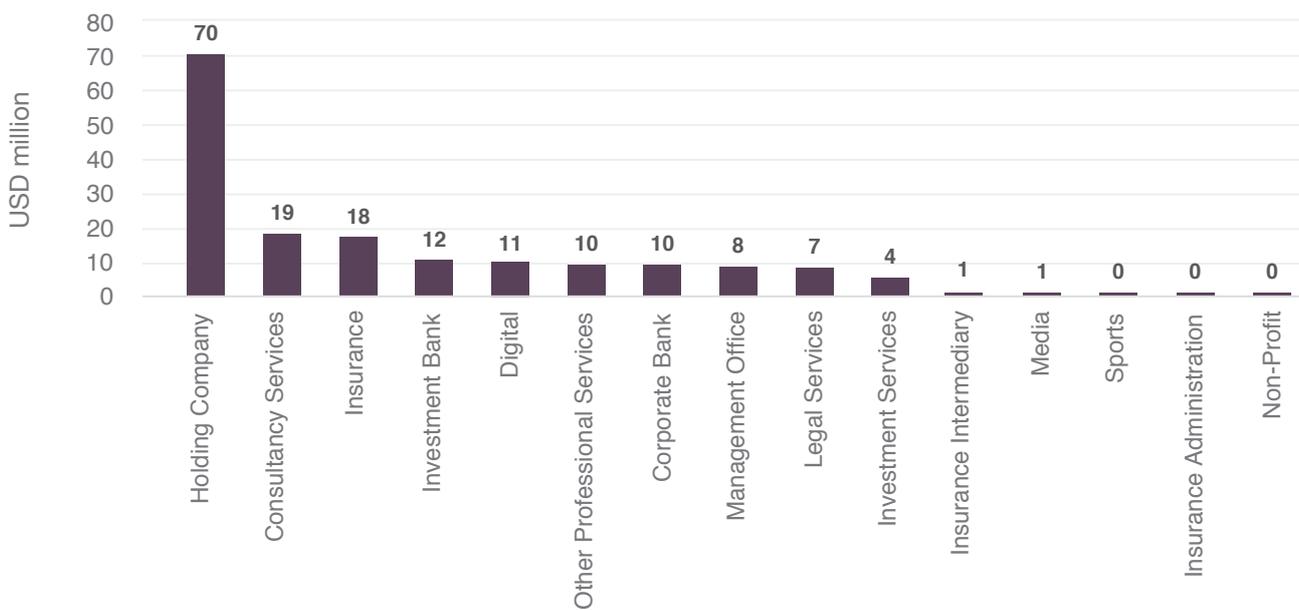


Chart 11: QFC companies induced GVA impact by sector, 2018



Source: Analysis using QFCA, QFCRA and QFC companies financial statements. All companies estimates are based on 277 companies.

4.4 Total GVA impact

QFC had a total GVA impact of USD 1.89 billion on Qatar in 2018, out of which USD 1.78 billion was from QFC companies

Chart 12: QFC entities and companies total GVA impact, 2018

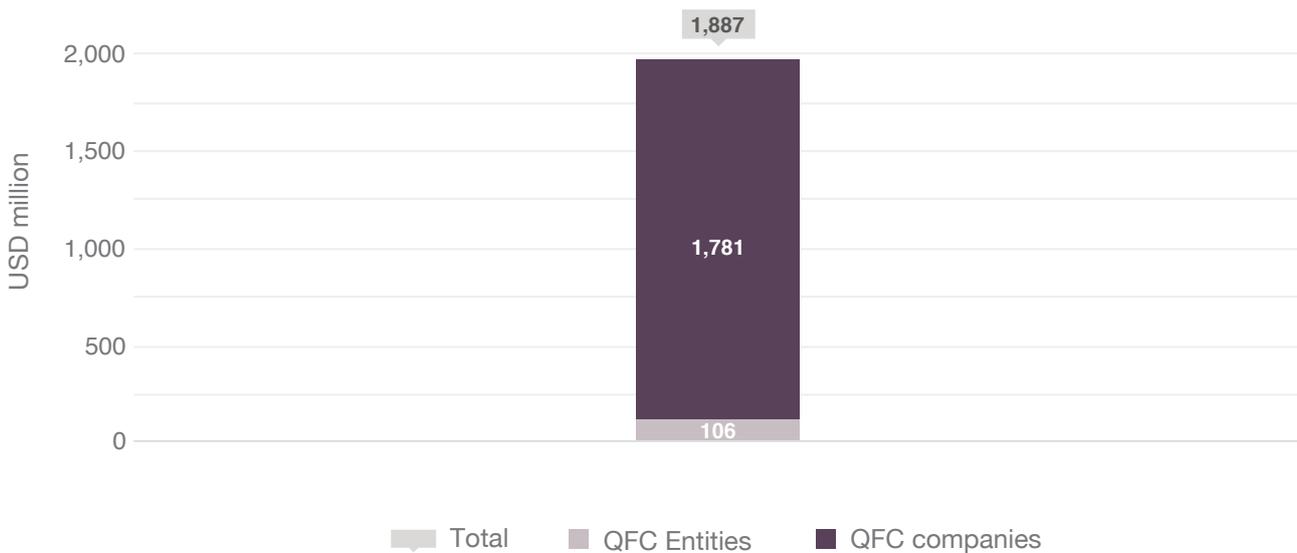
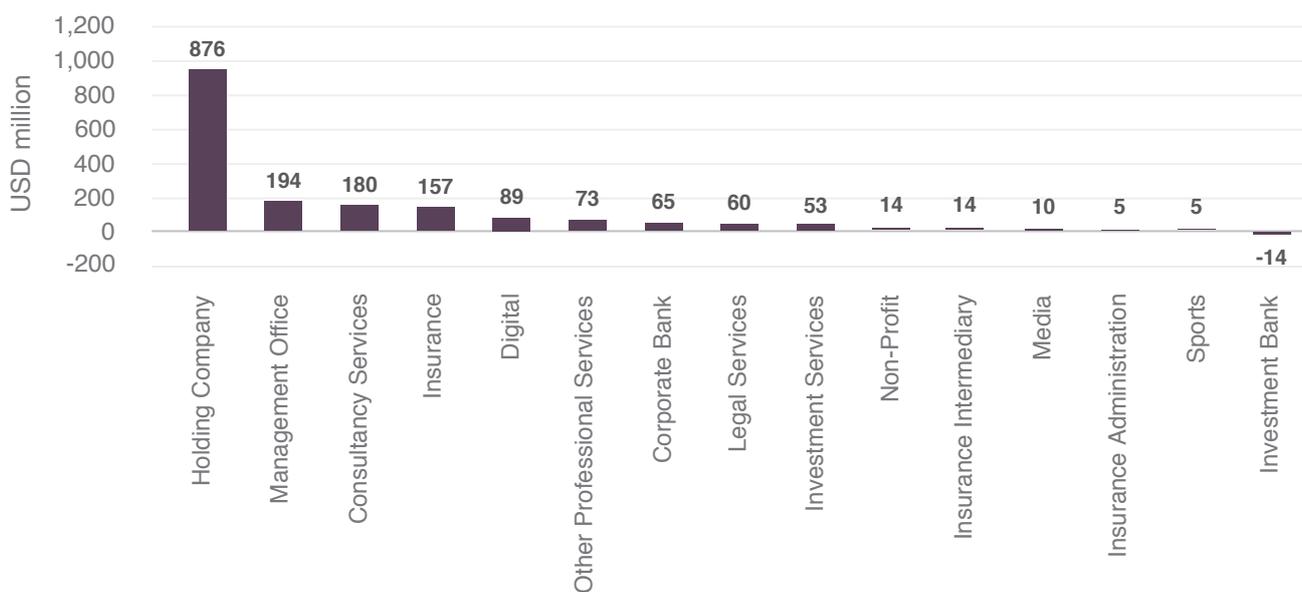


Chart 13: QFC companies total GVA impact by sector, 2018



4.5 GVA impact by sector type

QFC companies' total GVA impact of USD 1.78 billion in 2018 was mainly driven by non-regulated sectors

Chart 14: Non-regulated and regulated QFC companies GVA impact, 2018

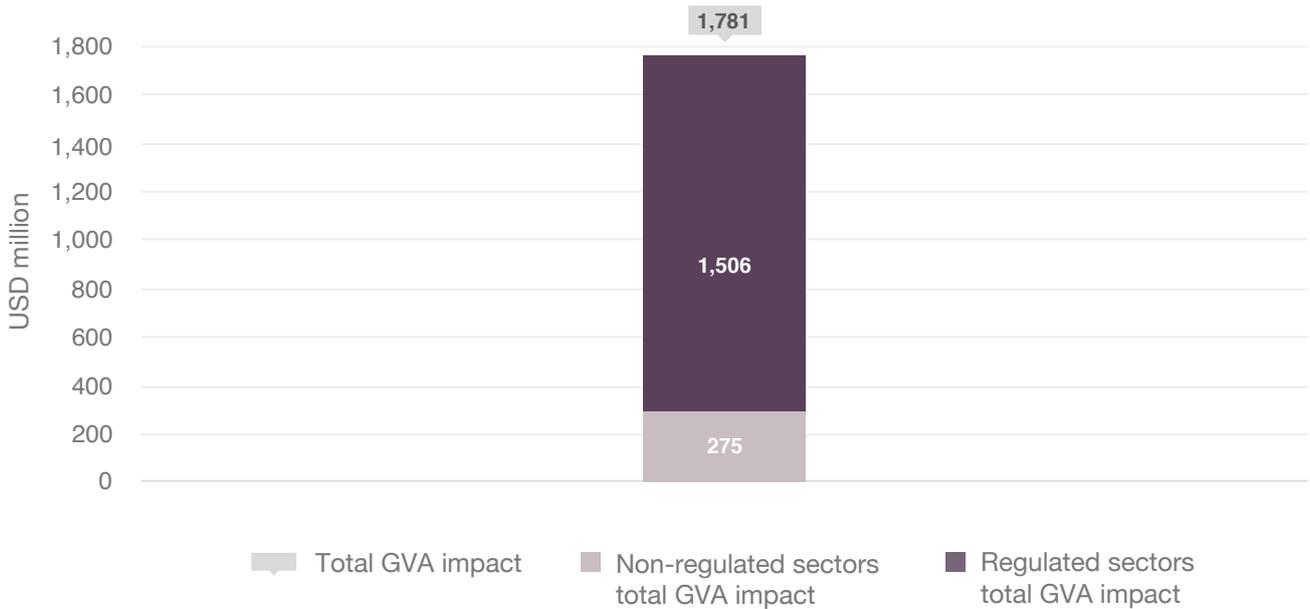
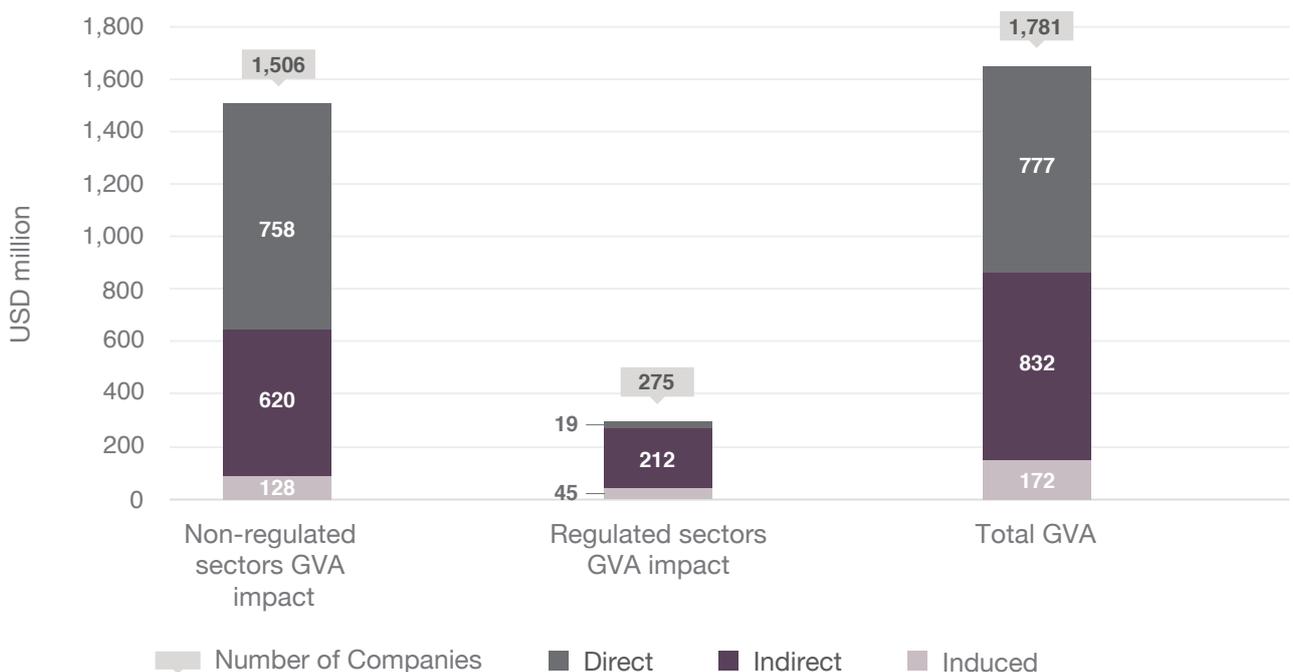


Chart 15: Breakdown of non-regulated and regulated QFC companies GVA impact, 2018



Source: Analysis using QFC companies financial statements. All companies estimates are based on 277 companies.

4.6 GVA impact – key takeaways

QFC's total indirect and induced contributions to GVA were higher than its direct contribution, showing its positive impact on the wider economy

QFC's total contribution to Qatar's GVA was USD 1.89 billion in 2018, broken down between a direct impact of USD 829 million, an indirect impact of USD 873 million and an induced impact of USD 185 million. The total contribution increased by 24% compared to 2015 (unadjusted for inflation).

Key takeaways:

Benefits to wider economy:

The indirect and induced contributions QFC made to the Qatari economy were more than twice as much as its direct contributions, demonstrating QFC's importance to a wide range of sectors in Qatar.

Non-regulated sectors drive economic contribution:

Non-regulated sectors were responsible for 85% of the total GVA impact, though, to put this in context, non-regulated companies also comprise over 80% of companies included in the study.

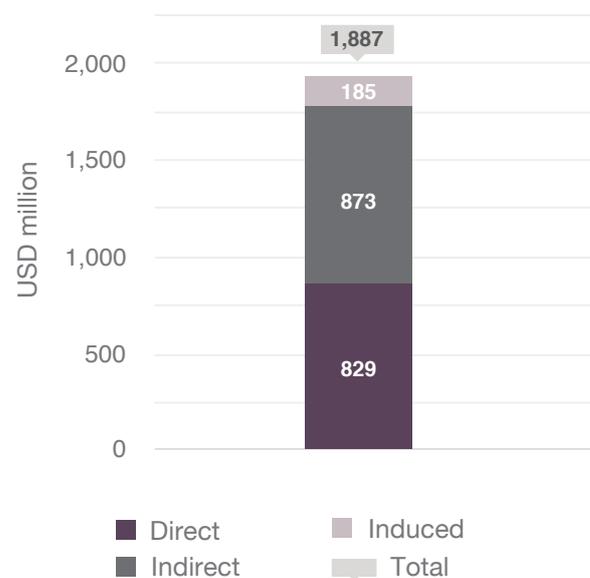
Holding Company impact on economy:

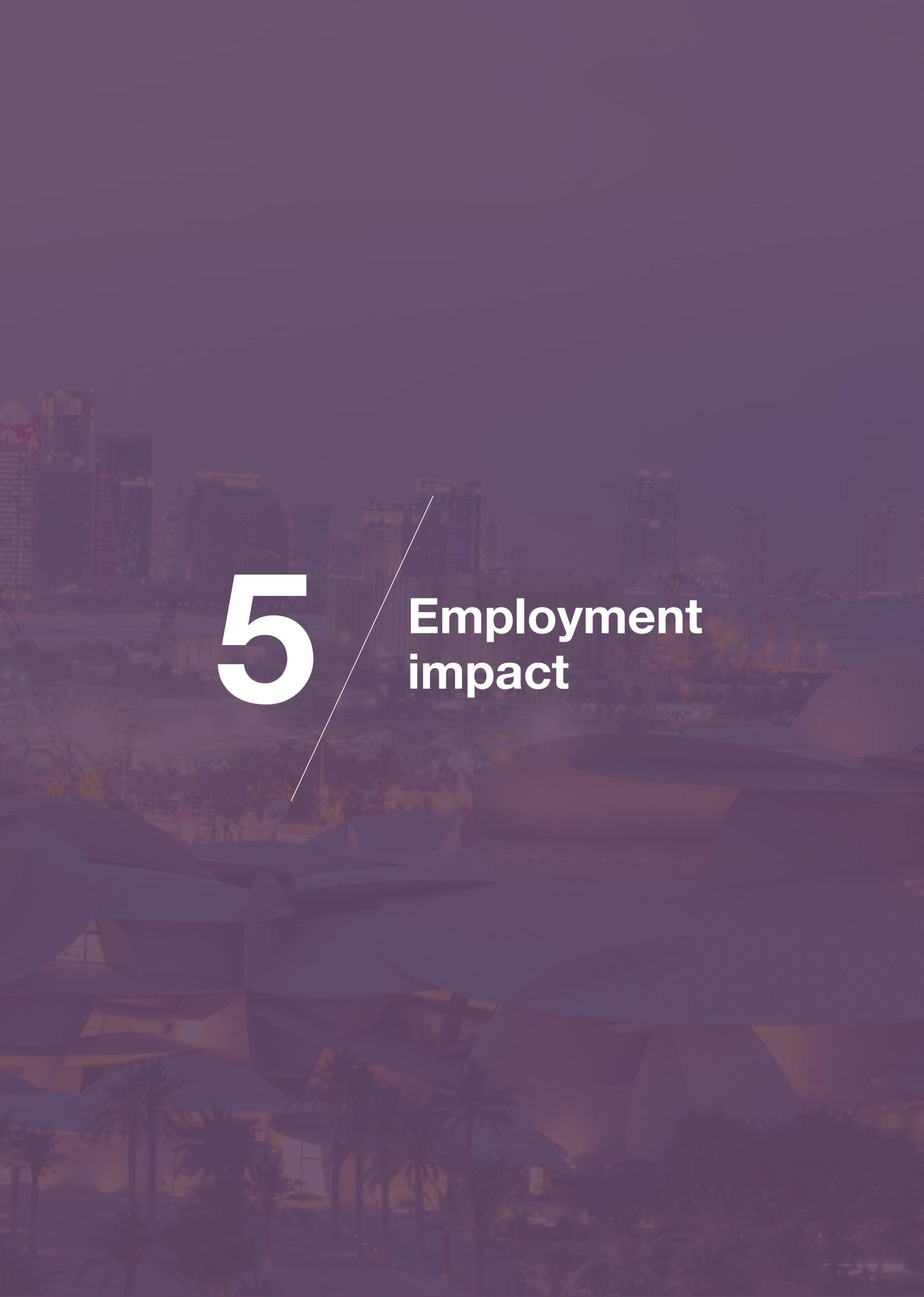
The Holding Company sector was responsible for nearly half of the GVA impact from companies, and around 46% of QFC's total GVA contribution.

Economic potential of Digital sector:

The Digital sector, which is relatively new to QFC and comprises less than 10% of the population of companies included in the study, made a GVA contribution of USD 89 million. Whilst this is relatively small at this early stage, it shows the potential the sector carries to contribute to the Qatari economy and diversify QFC's mix of companies further.

Chart 16: QFC total GVA impact, 2018



A city skyline at dusk with a large, modern, angular building in the foreground. The scene is overlaid with a semi-transparent purple filter. The skyline includes various skyscrapers and a body of water with some structures. The foreground building has a complex, faceted design.

5

**Employment
impact**

5.1 Direct employment impact

QFC had nearly 3,200 full-time employees in 2018, with over half in the Consultancy Services, Management Office and Insurance sectors

Chart 17: QFC entities and companies direct employment impact, 2018

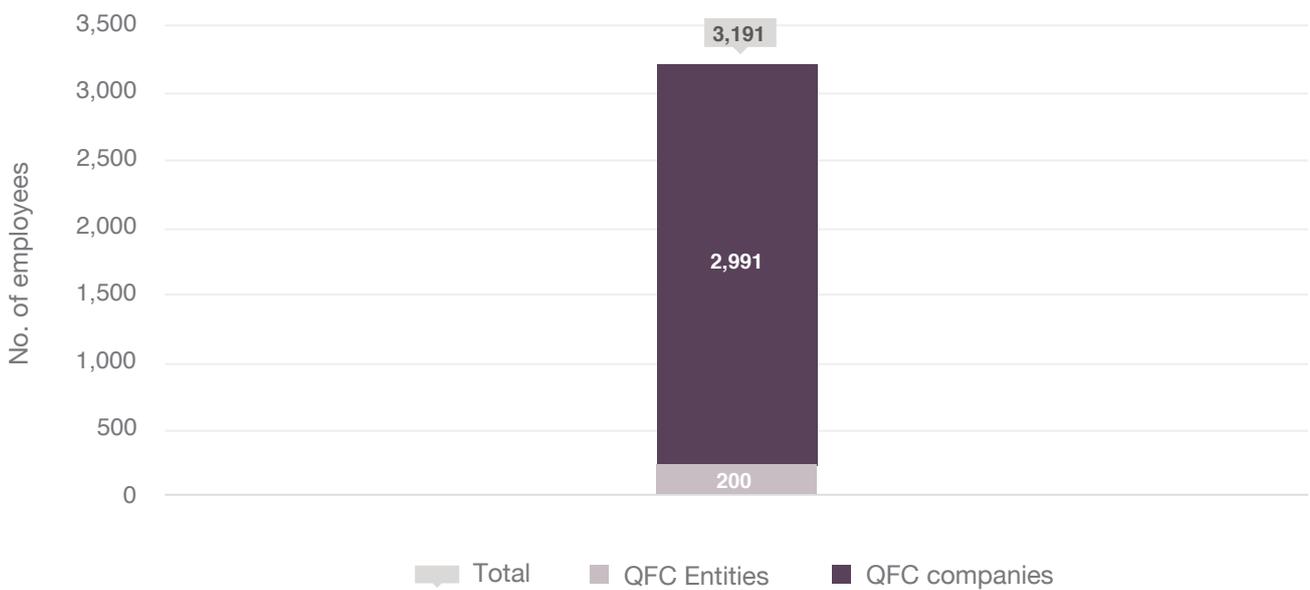
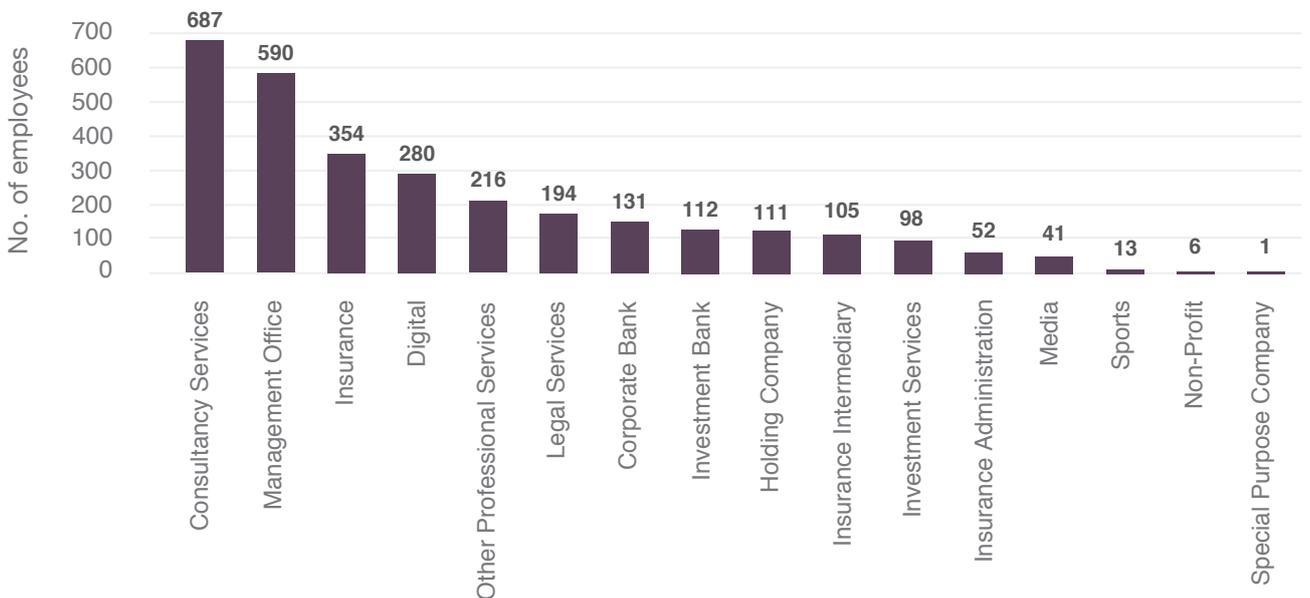


Chart 18: QFC companies direct employment impact by sector, 2018



Source: QFCA and QFCRA. Companies estimates include only on-duty employees in registered companies.

5.2 Indirect employment impact

QFC supported almost 7,470 jobs indirectly in 2018, with over half supported by Holding Company, Insurance and Consultancy Services

Chart 19: QFC entities and companies indirect employment impact, 2018

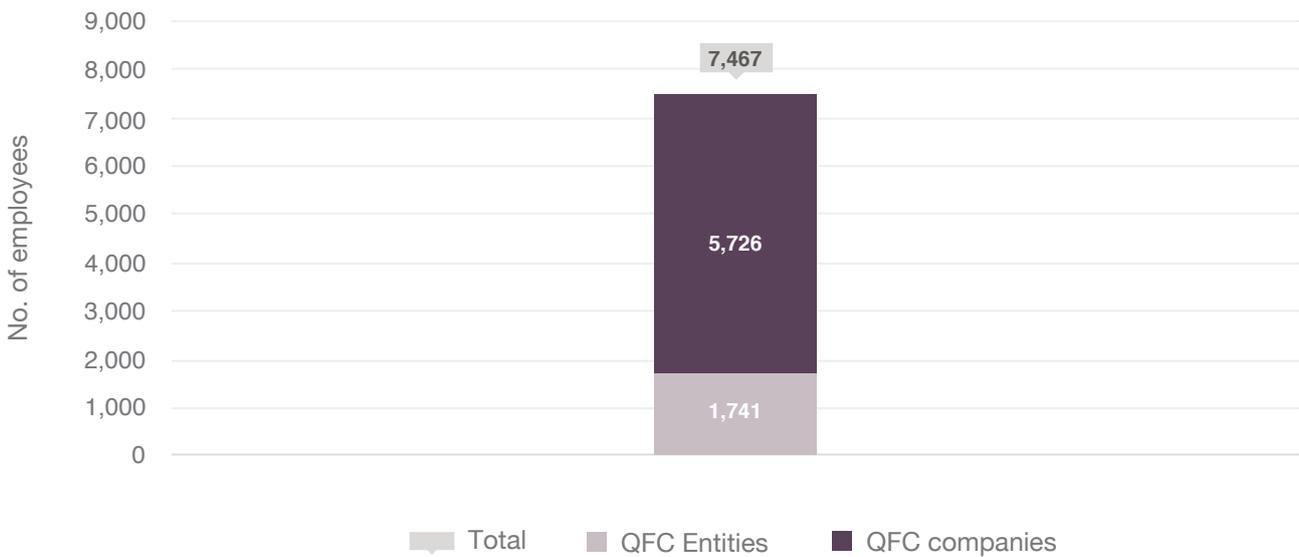
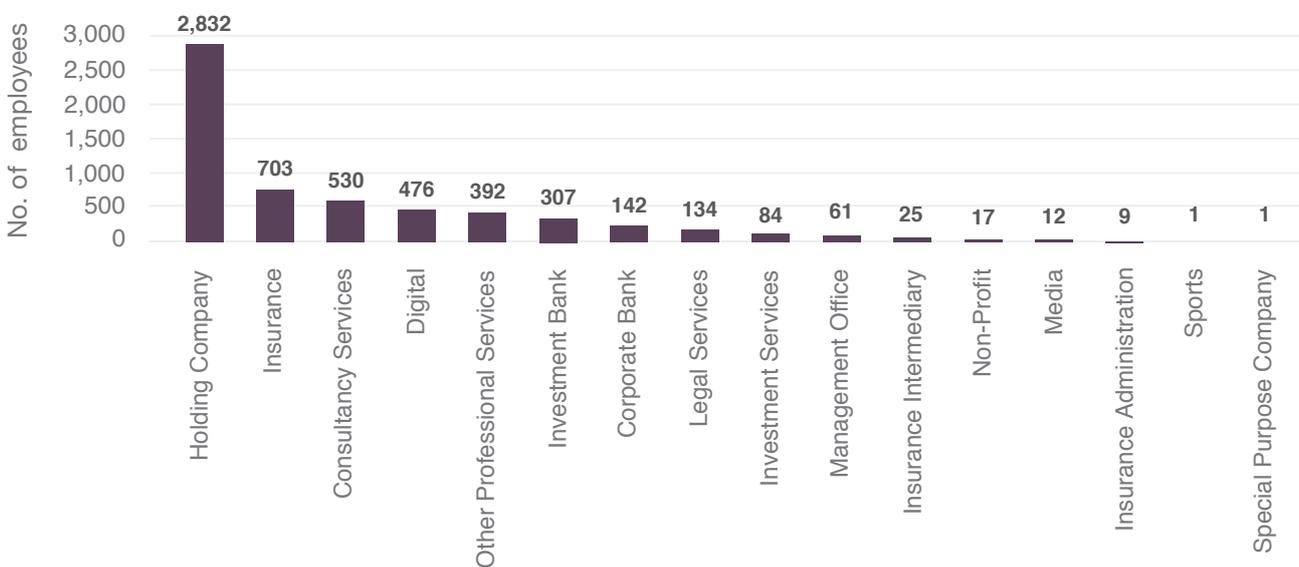


Chart 20: QFC companies indirect employment impact by sector, 2018



Source: Analysis using QFCA, QFCRA and QFC companies financial statements. All companies estimates are based on 277 companies.

5.3 Induced employment impact

QFC supported nearly 1,790 jobs through induced impacts in 2018, with around 30% supported by the Holding Company sector's activity

Chart 21: QFC entities and companies induced employment impact, 2018

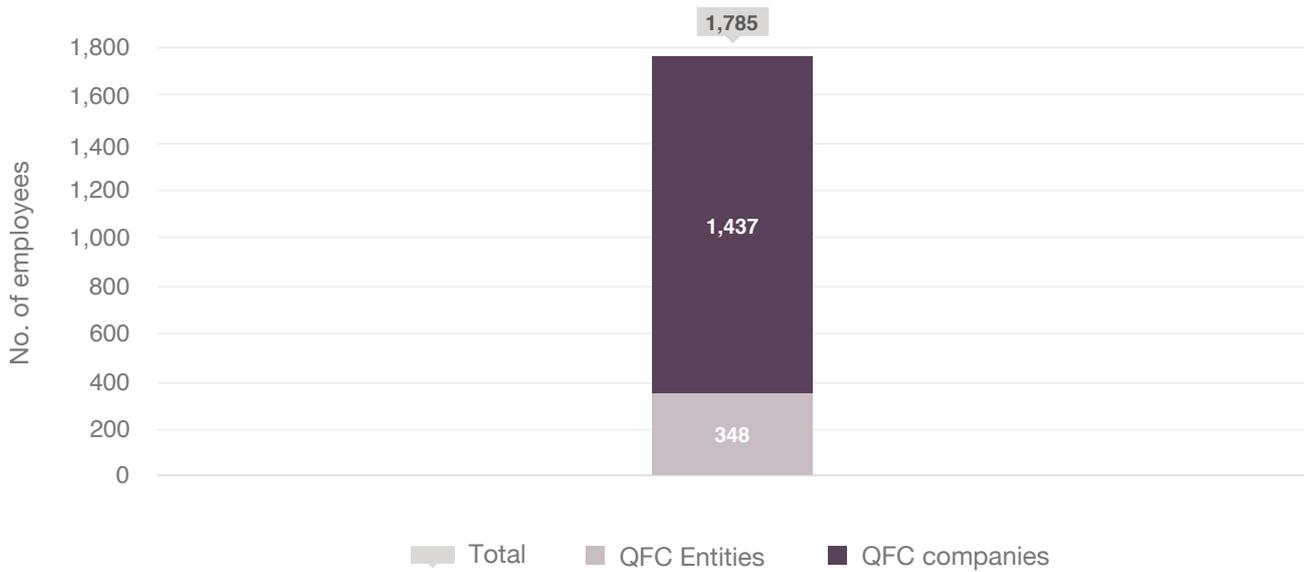
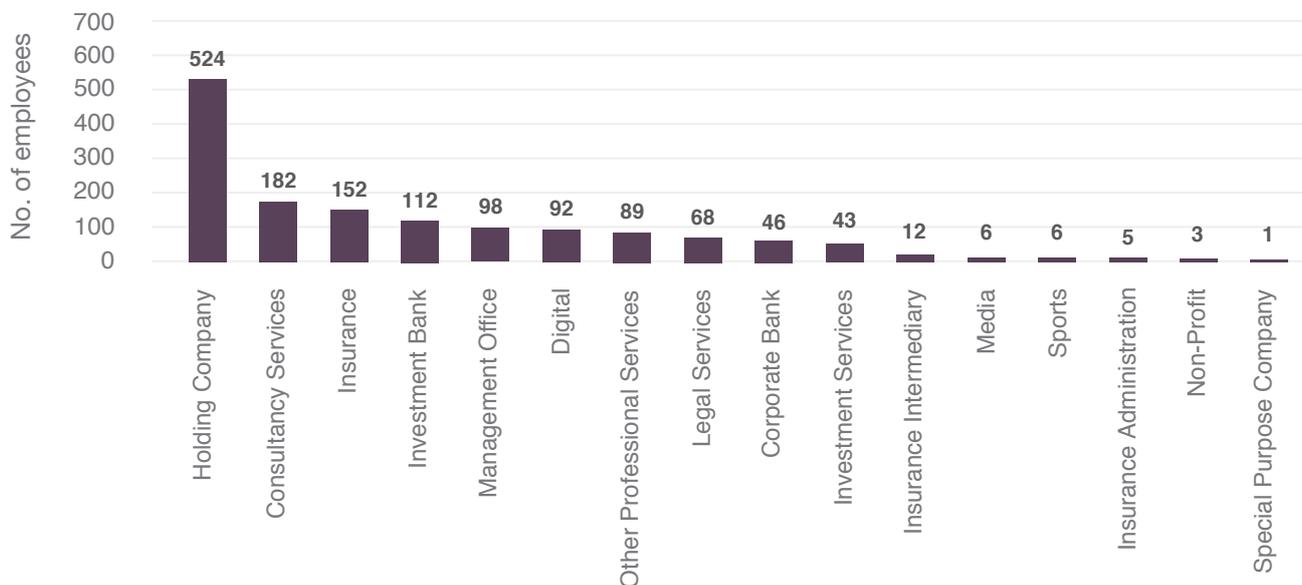


Chart 22: QFC companies induced employment impact by sector, 2018



5.4 Total employment impact

In 2018, QFC supported over 12,440 jobs through direct, indirect and induced impacts from QFC entities and companies

Chart 23: QFC entities and companies total employment impact, 2018

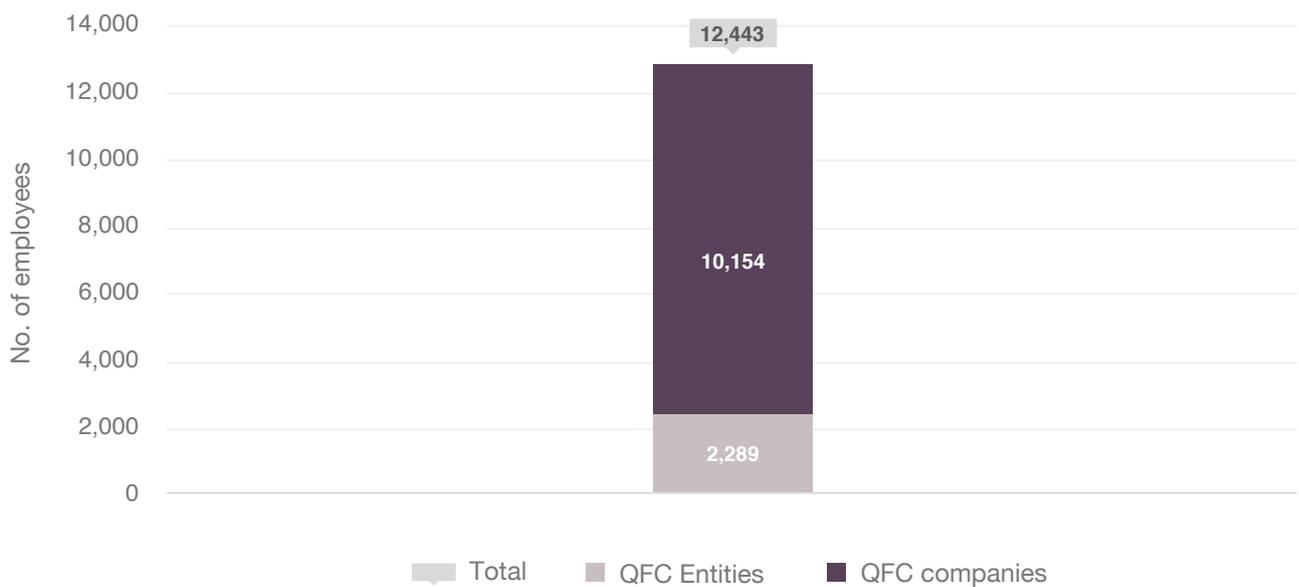
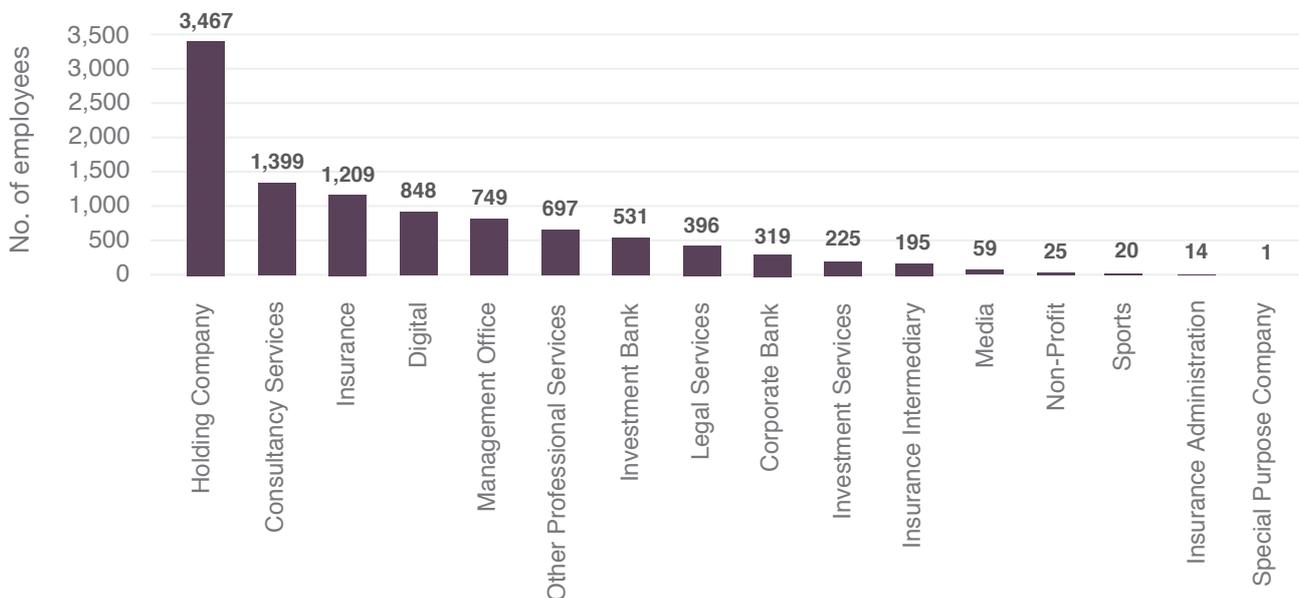


Chart 24: QFC companies total employment impact by sector, 2018



Source: Analysis using QFCA, QFCRA and QFC companies financial statements. All companies estimates are based on 277 companies.

5.5 Employment impact by sector type

Over 75% of the total QFC companies employment impact on Qatar in 2018 was supported by non-regulated sectors

Chart 25: Non-regulated and regulated QFC companies employment impact, 2018

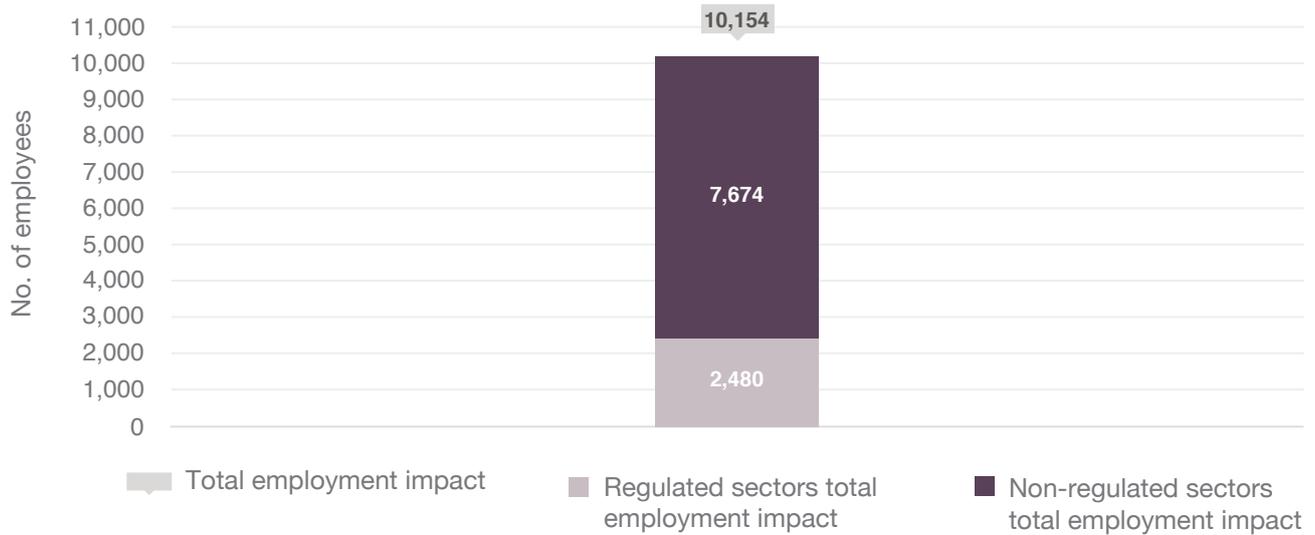
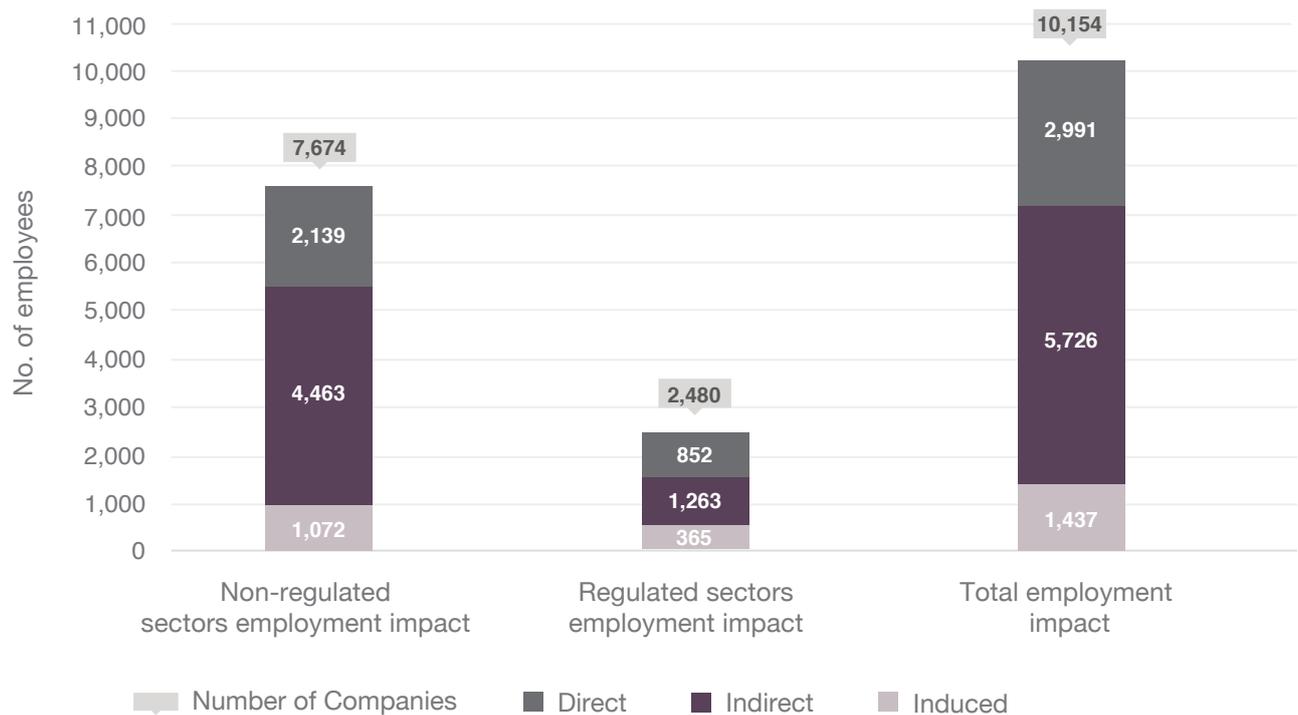


Chart 26: Breakdown of non-regulated and regulated QFC companies employment impact, 2018



Source: Analysis using QFCA, QFCRA and QFC companies financial statements. All companies estimates are based on 277 companies.

5.6 Employment impact – key takeaways

QFC supported a significant number of jobs indirectly in 2018; the employment impact has increased by nearly 50% since 2015

In 2018, QFC’s activities supported a total of 12,443 jobs in Qatar. This comprised 3,191 jobs supported directly; 7,467 jobs supported through indirect impacts and 1,785 jobs supported via induced impacts.

Key takeaways:

Consultancy Services is the biggest driver of direct job creation in QFC, but Digital carries potential:

Over 30% of direct employment in QFC in 2018 was from Consultancy firms. However, Digital also contributed 10% of direct employment, suggesting the sector carries the potential to create jobs in the Qatari economy.

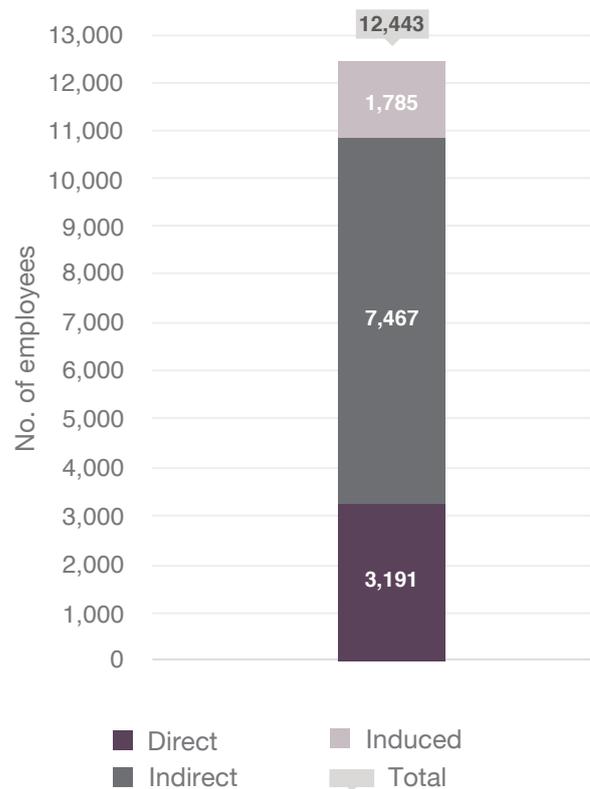
Significant indirect contribution:

In 2018, QFC supported nearly 7,470 jobs through indirect impacts – which are the jobs that it supports on its local supply chain. This demonstrates the significant spending on local companies for procurement of goods and services, as well as the high employment in the sectors supported by QFC’s activity in the wider Qatari economy.

Large increase in jobs supported since 2015:

QFC’s employment impact on Qatar has increased by almost 50% since 2015, when its employment impact was 8,426 jobs. This highlights the positive impact QFC has made in supporting jobs in Qatar in recent years, both directly and indirectly.

Chart 27: QFC total employment impact, 2018





6

Approach and methodology

6.1 Economic model

This study has used the Input-Output economic model to measure the economic contribution of QFC to Qatar

The Input-Output (IO) economic model has been used to estimate the economic impacts in this report. An IO table can be used to estimate sector multipliers that show how an initial economic stimulus in one sector (direct impact) creates economic value in the rest of the economy (indirect and induced impacts). These three types of economic impacts can be estimated for two distinct measures of economic impact: GVA and employment.

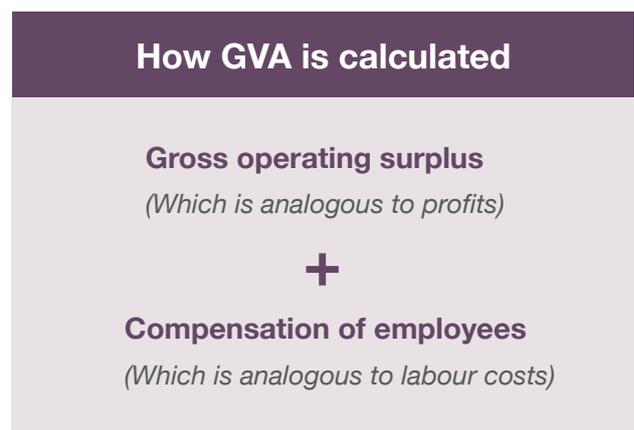
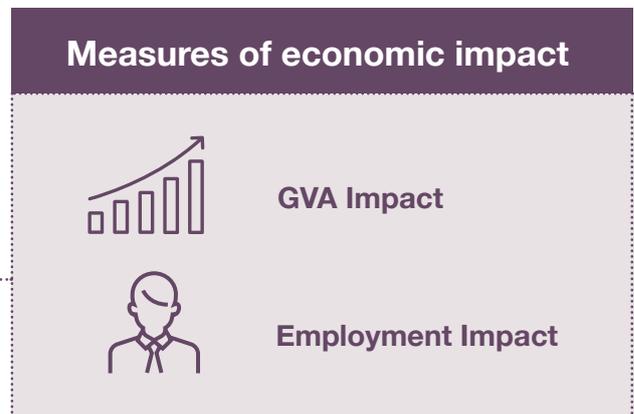
GVA is equal to the sum of Compensation of Employees (COE) and Gross Operating Surplus (GOS), which can be considered analogous to labour costs and profits respectively. GVA is also equal to the difference between economic Output and Intermediate Consumption (IC), where IC is roughly analogous to non-labour costs. Employment refers to full-time equivalent (FTE) employment.

Based on the above relationships, the calculation of economic impacts requires a number of data points, as follows:

1. Revenues
2. Profits
3. Labor costs
4. Local intermediate costs
5. Direct employment

Detail on the data sources used is provided on the next page, and the calculation approach is set out on the subsequent page.

Further detail on the IO model and the development of the sector multipliers is provided in the Appendix.



6.2 Data

Data for QFC entities has been provided by QFCA and QFCRA; data for QFC companies is primarily based on financial statements

QFC entities

Data for QFC entities comprises revenues, profits, salaries, local intermediate costs and total employment for each QFC entity for 2018. Data on revenues, profits and salaries was sourced entirely from audited financial statements provided by QFCA for QFCA and QICDRC and by QFCRA for QFCRA. Data on local intermediate costs and total employment were unavailable from the audited financial statements and hence were separately provided by QFCA and QFCRA.

QFC companies

Data for QFC companies comprises revenues, profits, salaries, local intermediate costs and total employment for each sector in QFC. This was mainly collected using a combination of financial statements and survey data from 2020 and 2016 (for local cost proportions). This data covers the 277 QFC companies included in this analysis. Data on direct employment was provided by QFCA.

Macroeconomic data

The macroeconomic data comprises IO sector multipliers and a range of national and sectoral economic data for Qatar. The IO sector multipliers have been estimated based on the Kuwait IO table published by the Central Statistical Bureau (CSB), used as a proxy because an IO table for Qatar is not publicly available. Detail on the multipliers is provided in the Appendix.

The Qatari national and sectoral data has been sourced from the PSA and World Bank.

Table 4: QFC entities data sources

Data	Source
Revenues	QFCA and QFCRA
Profits	
Salaries	
Local intermediate costs by sector	
Direct employment	

Table 5: QFC companies data sources

Data	Source
Revenues	Financial statements
Profits	Financial statements
Salaries	Financial statements
Local intermediate costs	Financial statements, survey data from 2016 and 2020
Direct employment	QFCA

Table 6: Macroeconomic data sources

Data	Source
IO sector multipliers ^c	Analysis of CSB, World Bank data
Qatar GVA, output and Employment	PSA
Qatar household consumption data	World Bank
Qatar imports data	World Bank

6.3 Sector impacts calculation approach

The calculation approach is underpinned by transcription of financial statements, which are used as inputs for the economic impact model

The GVA impacts and indirect and induced employment impacts are based on modelling that uses companies financial statements data as the key inputs. The calculation approach set out opposite is based on a six step approach. The key inputs are derived from the transcription of financial statements. In total, financial statements of 277 QFC companies were transcribed for this study. These were used to obtain revenues, profits, labour costs and intermediate costs (including depreciation).

These inputs were then aggregated for the companies within each sector to obtain the total revenues, profits, labour costs and intermediate costs for each sector.

Next, local cost assumptions were developed for the intermediate costs in each sector. These were developed using survey data for QFC companies (from this year and a survey carried out in 2016 for the earlier economic impact assessment of QFC). These were applied to the intermediate costs in each sector.

The data was then consolidated by sector – revenues, profits, labour costs and local intermediate costs – and used as inputs for the economic impact assessment model. These were combined with macroeconomic data and sectoral multipliers to calculate the direct, indirect and induced GVA and indirect and induced employment estimates by QFC sector.

Direct employment was calculated based on employment data for available companies from QFCA.

1	Transcription of financial statements
2	Collation of financial inputs by company
3	Aggregation of financial inputs by QFC sector
4	Development of local cost assumptions
5	Consolidation of financial inputs and local costs by sector
6	Economic modelling using consolidated sector estimates

7

Concluding Marks



7.1 Summary of economic impacts

QFC contributed USD 1.89 billion to Qatar's GDP and supported 12,443 full time equivalent jobs in Qatar in 2018

GVA impact

In total, QFC contributed USD 1.89 billion to Qatar's GVA in 2018. This was segmented between direct impacts of USD 829 million, indirect impacts of USD 873 million and induced impacts of USD 185 million. Compared to 2015, QFC's GVA impact has increased by 24% (unadjusted for inflation).

The GVA impacts show the contribution QFC made to Qatar's GDP in 2018 through the activity it directly created within QFC (i.e., the benefits accruing to QFC entities, companies and their employees) as well as the activity it created in the wider economy (i.e., the benefits to QFC's local suppliers and the companies on which employees spent a portion of their incremental wages and salaries to purchase goods and services).



\$1.89b
GVA impact

Employment impact

In summary, QFC supported 12,443 jobs in Qatar through direct, indirect and indirect induced impacts. This included 3,191 direct employees (QFC's workforce across entities and companies in 2018), a further 7,467 employees supported through indirect impacts and 1,785 employees supported via induced impacts. Compared to 2015, QFC's employment impact has increased by almost 48%.

The employment impacts demonstrate the significant contribution QFC makes to creating and supporting employment in the Qatar economy. The jobs created are primarily in the finance and business services sector, but the jobs supported cover a range of sectors, such as transport, retail, utilities and real estate.



12,443
Jobs

7.2 QFC contribution to Qatar GDP

QFC contributed 1.5% of Qatar's non-oil GDP and directly created 3.6% of the Qatar finance and business services sector's GDP

Contribution to total GDP and non-oil GDP

In 2018, QFC contributed 1.0% to Qatar's total GDP, meaning that 1.0% of Qatar's total economic activity in 2018 was either created or supported by QFC's activities. Looking at non-oil GDP only, this contribution rises to 1.5%, demonstrating QFC's role in helping to diversify the Qatari economy.



1.5%

Contribution to Qatar's non-oil GDP

Direct contribution to finance and business services sector

Eleven QFC sectors can be considered part of the finance and business services sector: Insurance, Insurance Administration, Insurance Intermediary, Investment Bank, Investment Services, Corporate Bank, Management Office, Holding Company, Consultancy Services, Legal Services and Other Professional Services. The total GVA contribution of these sectors was USD 738 million, or 3.6% of the total Qatar finance and business services sector's GDP of USD 20,347 million.



1%

Contribution to Qatar's total GDP

The total contribution includes impacts on sectors other than the directly impacted sectors. As such, the total contributions have been benchmarked to total non-oil GDP and total GDP, as they include impacts on sectors such as transport, retail and utilities, reflecting the spending of QFC companies on local suppliers and the spending of direct and indirect employees on goods and services in the Qatari economy (such as on malls, restaurants, cinemas etc.).



3.6%

Direct contribution to finance and business services GDP

7.3 QFC sector value added to revenue ratios

The Other Professional Services, Legal Services and Investment Services sectors have the highest value added to revenue ratios

To assess which QFC sectors create relatively most economic value, a value added to revenue ratio has been developed. The metric divides each sector's total GVA impact by its revenues to obtain a ratio that can help understand to what extent the sector's impact is related to its size. Only sectors that recorded at least USD 50 million of revenues in 2018 have been included to ensure the comparison is not skewed by very small sectors.

As Table 7 sets out, the Other Professional Services sector has the highest value added to revenue ratio, whereas the Investment Bank sector has the lowest (negative value added).

Key takeaways

The value added to revenue ratio helps identify the sectors that generate the highest value added relative to their revenues. The three largest sectors by GVA contribution (Holding Company, Management Office and Consultancy Services) do not feature in the top three sectors by value added to revenue, suggesting that their GVA contributions are partly because of the size of the companies in their sectors.

The Digital sector – which as noted is one of QFC's key target sectors – has a healthy value added to revenue ratio, whilst also generating substantial revenues. This shows the sector has potential to be a large contributor to GVA.

The Investment Bank's negative ratio reflects its poor financial performance in 2018.

Table 7: QFC sectors value added to revenue ratios (minimum revenues of USD 50m)

QFC sector	Revenues in 2018 (USDm)	Total GVA in 2018 (USDm)	Value added to revenue ratio
Other Professional Services	67	73	1.10
Legal Services	58	60	1.02
Investment Services	56	53	0.95
Consultancy Services	200	180	0.90
Management Office	225	194	0.86
Digital	112	89	0.80
Holding Company	1,203	876	0.73
Insurance	541	157	0.29
Corporate Bank	301	65	0.22
Investment Bank	139	(14)	(0.10)

Appendix

A. Input/Output model assumptions

IO model – key assumptions and limitations

The IO model is based on a number of assumptions about an economy. Some of the key assumptions are set out below:

1. No supply side constraints are assumed;
2. Prices are assumed to be fixed;
3. Each sector has a fixed supplier profile;
4. Breakdown of economy by activity is assumed fixed;
5. No budget constraints are assumed;
6. Average rather than marginal changes are measured;
7. No allowance is made for technological change, behavioral changes and migration;
8. Population dynamics, growth and productivity effects are not covered by the model; and
9. Each company's suppliers are assumed to have the same linkages with other sectors as the national economy.

Other economic impact models, particularly Computable General Equilibrium (CGE) models, use fewer assumptions, but require more granular data for the results to be meaningful.

The direct GVA impact calculation (GOS plus COE) is a standard approach used by most national statistics agencies. The assumptions above limit the second round effects (indirect and induced impacts) but this is also a standard approach used in IO analysis.

B. Multipliers

Use of Kuwait IO table

This report has used Kuwait's 2010 IO table as this is publicly available; the IO table has not been amended (as only an IO table built bottom-up can robustly reflect all of the subtle differences within an economy).

Whilst it is possible to adjust the IO table based on approaches in the academic literature, the incremental value of such adjustments is small given the broad structure of the Kuwait and Qatar economies is largely similar. Whilst there are differences in consumption patterns, technology and tax regimes between the two countries (for example, Kuwait has a tax on the oil and gas sector, which is likely to have a negative impact on sector linkages), it is difficult to reflect all of these within the context of the IO framework without building the IO table for a country bottom-up.

Two key adjustments have been made to the Kuwait IO table:

- I. An estimate of the percentage of goods locally produced in Qatar has been used to ensure the multiplier effect captures only local supply chain activity and
- II. Qatar GVA/Output ratios have been used to estimate Qatar's GVA multipliers (the GVA/Output ratio shows the GVA produced per unit of Output in a sector and is used to estimate GVA multipliers from Output multipliers).

Application of multipliers

For both QFC companies and QFC entities, costs were first mapped to an economic sector. The associated sector multipliers for the national economy were then applied to estimate indirect and induced impacts. The key underlying assumption used in the application of multipliers, is that the supplier linkages for QFC companies and entities is consistent with the linkages at a national level.

C. Summary of transcriptions

The income statements and balance sheets of the 277 QFC companies included in this study were transcribed from hard copy or portable document format (PDF) into Microsoft Excel. Some companies did not have audited financial statements, and compliance to accounting standards has not been checked for these statements. A system of checks was put in place to ensure that profitability and balance sheet items in the transcribed statements reconciled with the source documents. Any statements reported in currencies other than USD were converted into USD using publicly available exchange rates from xe.com. This was done to ensure comparability and aggregation with other companies.

Below is a summary of transcribed statements by QFC sector.

QFC sector	No. of transcribed statements
Consultancy Services	55
Other Professional Services	35
Legal Services	28
Digital	27
Holding Company	25
Management Office	23
Non-Profit	23
Investment Services	20
Insurance	13
Corporate Bank	11
Insurance Intermediary	6
Media	5
Investment Bank	3
Insurance Administration	2
Sports	1
Total	277



مركز قطر للمال
Qatar Financial Centre

www.qfc.qa