

Qatar Development Bank

A supporting arm to the private sector

March 2014



Our Journey

QDB's strategy is aimed towards achieving economic diversification through:

- Increase the private sector's contribution to GDP, and
- Executing governmental projects with developmental and social dimensions.



The establishment of Qatar Industrial Development Bank

1997



QIDB becomes Qatar Development Bank

2007



Capital Increases from QR200M to QR10B

2008

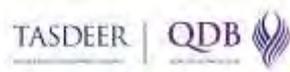
New strategic plan includes additional services to support the private sector. QDB launches improved housing schemes

2009

2010



"Al Dhameen" Indirect lending Program Launch



"Tasdeer" Qatar Export Development Agency Launch

2011

Introduction of Islamic financing
 New Website launch
 Bedaya Center
 Qatar Business Incubation Center
 Private Sector Magazine
 BDS
 SME Toolkit
 Exp -Trade & Access Maps
 Trade Secrets & Exporters directory

2012



New Brand Identity Launch

2013

2014

How QDB makes an impact on economy?



Contribute to Qatar's economic diversification



Decrease Government spending by increasing Private Sector involvement



Facilitate credit lending activity by lowering the risk assumed by financial institutions



Support the Food Security Program
Promote the decrease of dependence on imports through Promoting export of products & services



Enhancement of Services and lifestyle in Qatar

QDB activities are in line development banks

Direct Lending	Credit Guarantees	Venture Capital	Advisory	Export promotion	Development Support	Strategic Investments
						
Provide direct financing to SMEs and MSCs, often at competitive or subsidised rates	Provide credit guarantees to enable firms with low collateral and/or little credit history to obtain financing from commercial banks	Provide equity to SMEs and MSCs, either through in-house venture capital funds or through existing funds	Provide advisory services to SMEs and MSCs including incubation support, Training, Consulting, and Regulatory support	Promote internalisation of SMEs and MSCs through export financing, trade insurance, and advisory activities	Support the government in service provision, e.g. through disbursement of housing loans and education loans	Foster large-scale investments through debt and/ or equity financing (joint ventures)

Around the world, 7 core activities are needed for economic development and private sector promotion.

When the private sector fails to perform these activities, development banks are required to fill the gap.

QDB's strategy ensures that the gap is filled.

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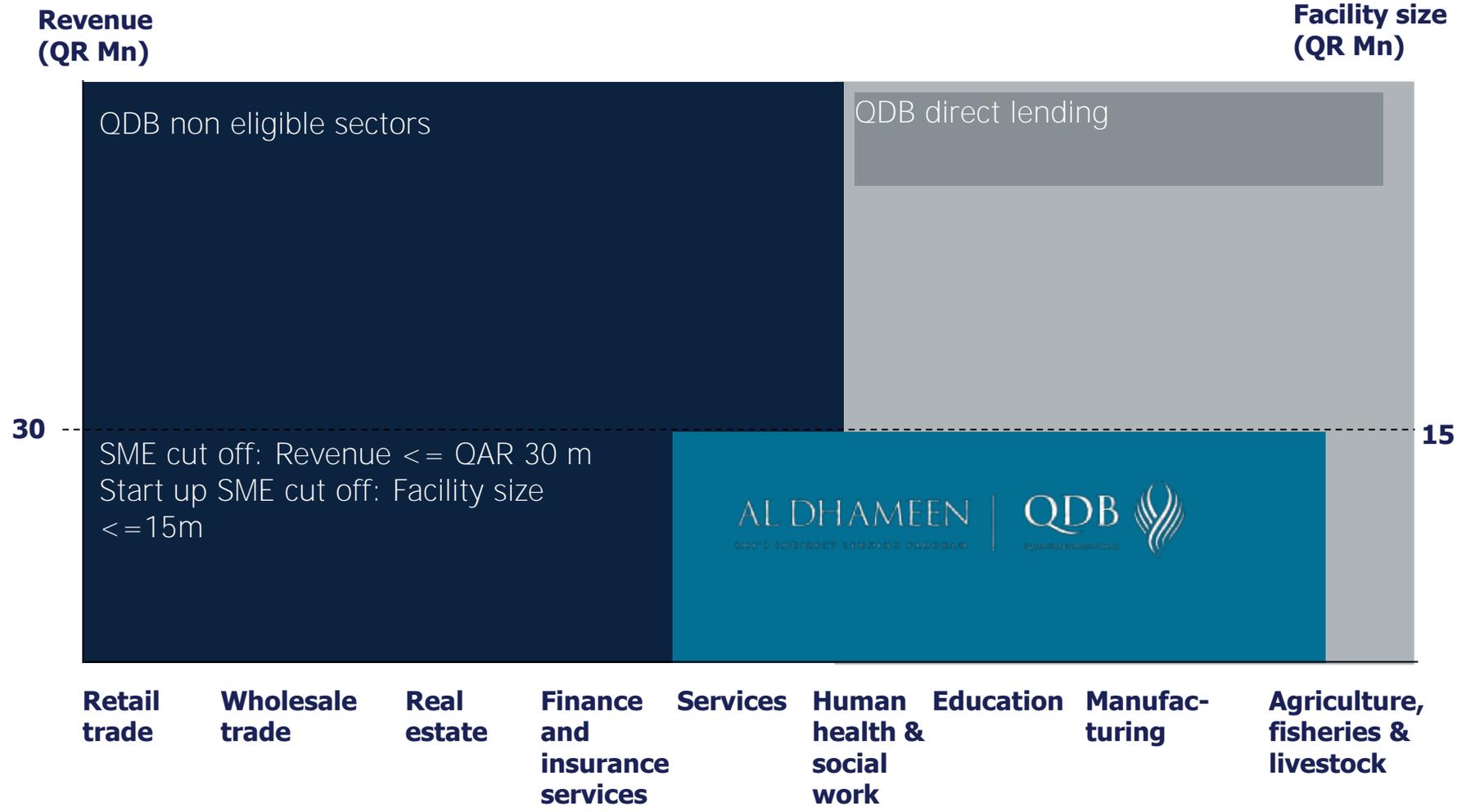
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- Al Dhameen is an indirect lending program to assist Private Sector businesses that are unable to borrow money from banks due to one or more of the following:
 - a) Lack of collateral
 - b) High Equity Contribution Margins
 - c) Lack of Credit History
 - d) Lack of financial statements
 - e) High interest rates
- QDB guarantees up to 85% of the loan amount to partner banks for lending to Start-ups / Greenfield projects (up to 75% for existing SMEs)
- Start-up / Greenfield projects are encouraged through lower guarantee fee
- Focus on manufacturing, education, health-care and knowledge-based sectors

Al Dhameen : Compliments QDB's Product Suite for Private Sector



Included

- Manufacturing, healthcare, education, tourism, services sector and other approved sectors.
- Entrepreneurs with a viable business idea
- Start-up companies (defined as having been in operation for less than 3 years).
- Existing companies with an annual turnover of less than QR 30 Million.
- Company must be based in Qatar, with head office and main operations located here.

Not Included

- Non-profit seeking companies
- Non value added and speculative sectors -e.g. Wholesale and retail trade, financial services, real estate, etc.
- Critical sectors - Addressed directly by QDB e.g. Agriculture, livestock, and fisheries, etc.

Eligibility Criteria

Type of Companies	Existing	Start-up
Years in Operation	>=3 Years	< 3 years
Annual Turnover	<QR 30 Mn	N.A.
Maximum Loan Amount	QR 15 Mn	QR 15 Mn
Minimum Equity	13% of Project Cost	13% of Project Cost
Al Dhameen Guarantee (% of Loan Principal Amount)	75% of the Loan	85% of the Loan
Maximum Grace Period	2 Years	2 Years
Maximum Tenor	8 Years	8 Years
QDB Annual Guarantee Fee	1.5% p.a.	1.2% p.a.
Maximum Interest Rate	7% p.a.	7% p.a.
Maximum Partner Bank Fee (One-time)	Project Finance - 2% Working Capital – 1%	Project Finance - 2% Working Capital – 1%

Appendix

How QDB makes an impact on economy?

QDB'S STRATEGY MAP

Vision: To be the Primary Enabler of Qatar's Private Sector and Economic Diversification

Mission: To accelerate the development of the private sector in line with the diversification needs of Qatar



NEXT STEPS: AI Dhameen Portfolio Cover – Background and context

CONTEXT

- QDB plans to adopt a Hybrid Model of Portfolio Approach with both Portfolio approach and Case by case (CBC) approach co-existing
- Main drivers of Hybrid approach will be
 - Risk Levels
 - Partner Bank Capabilities and
 - Amount Thresholds

Objectives

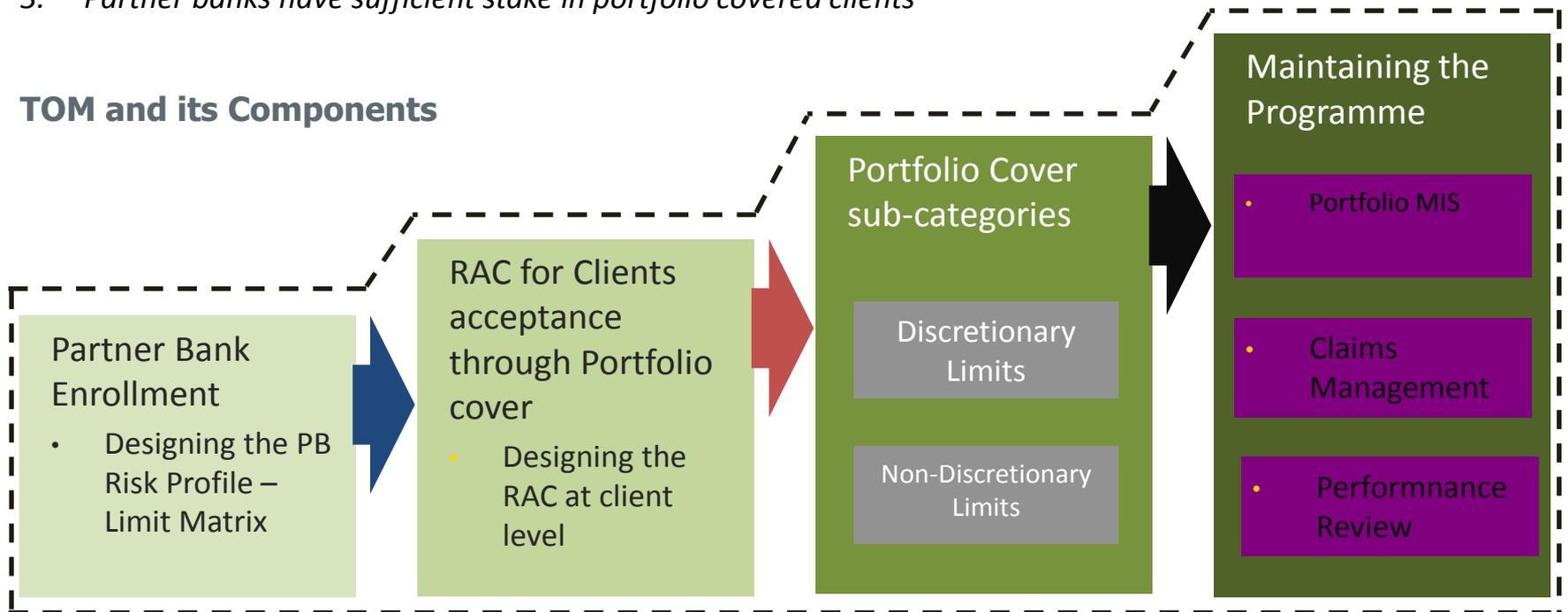
- To give traction to AI-Dhameen programme where case-by-case approach seems to have reached its saturation point with some banks.
- To reduce operational delays and costs
- To institutionalize the system of PB differentiation in terms of capabilities of PB's to handle SME's
- Cover many more sectors and businesses which may not be covered by way of present programme.

Basic Programme design and TOM Components

Portfolio Approach Basic Design is geared towards ensuring that :

- 1. Only eligible partner banks enroll into programme*
- 2. Only Low risk clients are routed through Portfolio cover*
- 3. Partner banks have sufficient stake in portfolio covered clients*

TOM and its Components



Each component of TOM is explained in following slides.



The Industrial Sector

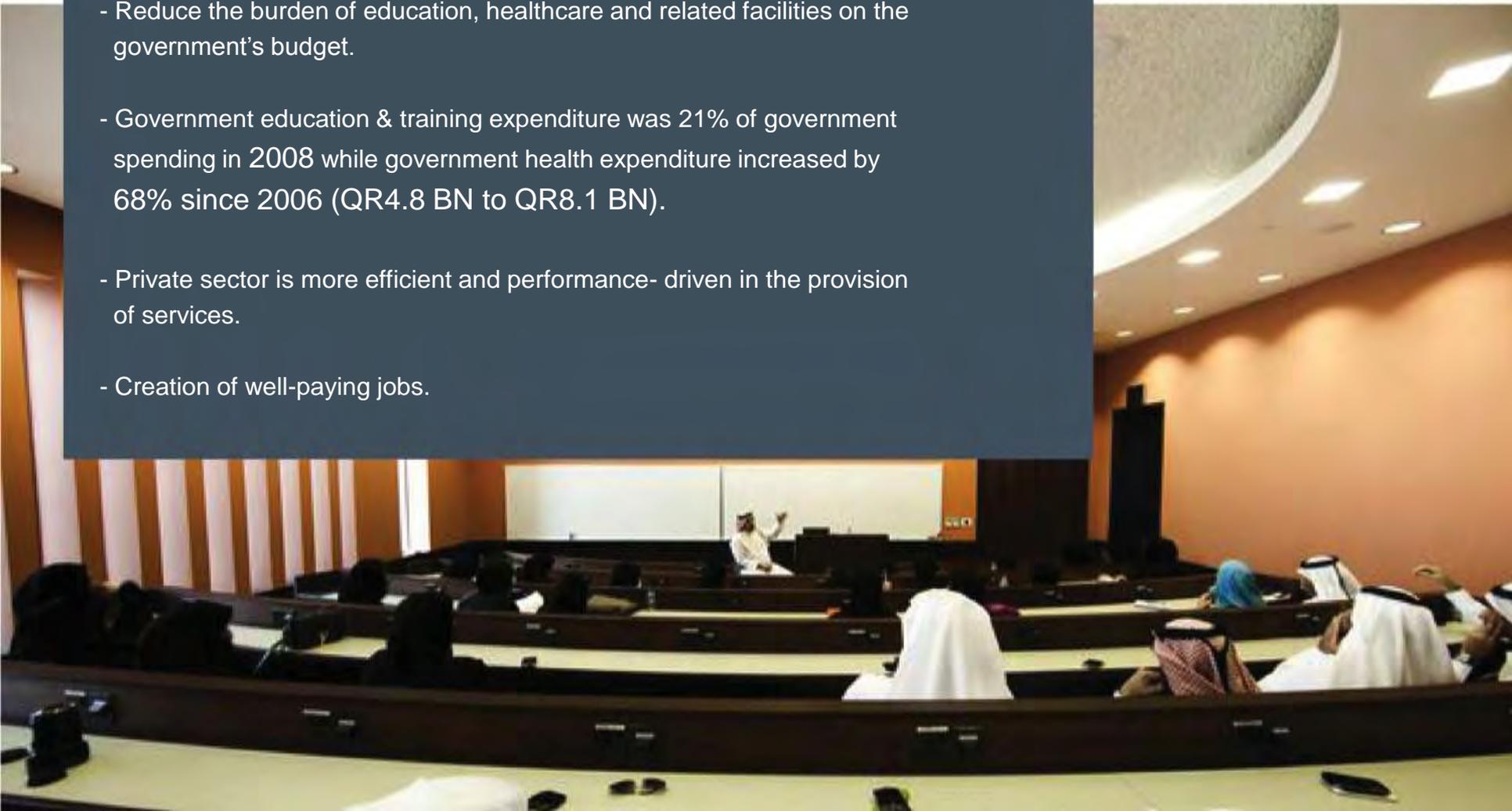
- Decreases dependence on imports; Potential increase of export and export revenues.
- Risk mitigation tool of economic cycles: absorbs economic shocks & increases sustainable development {Industries with long filter through (e.g. pharmaceuticals) have a stable demand (inelastic). They absorb economic shocks and increases sustainable development}.
- Creating more opportunity for the private sector firms through long-term development of clusters and value chains.
- Takes advantage of natural resources and reduces value leakage.





The Education & Healthcare Sector

- Reduce the burden of education, healthcare and related facilities on the government's budget.
- Government education & training expenditure was 21% of government spending in 2008 while government health expenditure increased by 68% since 2006 (QR4.8 BN to QR8.1 BN).
- Private sector is more efficient and performance- driven in the provision of services.
- Creation of well-paying jobs.





The Tourism Sector

- Establish a sustainable source of export revenue/cash inflow (tourism is an export service).
- Total contribution of travel & tourism to GDP was 3.2% in 2011 (QAR21.2 BN) and is forecasted to reach QAR41.9 BN in 2022.
- Tourism helps to establish and sustain Qatar's brand name.
- Tourism creates demand for competitive world class services and products:
 - supplied by Qatar's private sector therefore raising the private sector income
 - promoting Qatar as a place to invest and to do business
- Contributes significantly to the development of Qatar hospitality in preparation for 2022.





The Agricultural, Livestock & Fishing Sector

- Contributes to food security.
- Reduce dependency on imports.
- A lot of agricultural products provides supply and value chain to tourism.
- Fills gaps which causes a price hike in Qatar as a result of shortages Promote price competitiveness.





The Services Sector

- Economic development increases the standard and diversity of service.
- Private sector expected to be 75% service base.
- Significant revenue opportunities in service sector tied to World Cup preparations, particularly maintenance and operations.
- Economic development tends to increase demand for services creating a significant opportunity for private sector development.

