



# GCC Education Industry

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*Alpen Capital was awarded the “Best Research House” at the Banker Middle East Industry Awards 2011, 2013, and 2014*

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## Glossary

**School- and College-age Population:** Population in the age-group corresponding to pre-primary, primary, secondary, and tertiary education segments based on the official entrance age and duration

**K-12:** This comprises the pre-primary, primary, and lower and upper secondary education segments

**Pre-primary Education:** This is the first stage of formal education that aims to introduce and familiarize young students with the school environment through set-ups such as nurseries and kindergarten. The minimum permissible age of entry into pre-primary institutions is 3 years

**Primary Education:** This level of education offers basic formal training in the areas of reading and writing as well as introduces various subjects such as mathematics and science. This stage spans six years, with enrolments beginning at 5 years of age

**Secondary Education:** This stage is further classified into lower secondary education and upper secondary education. Lower secondary education covers subject-oriented basic education imparted by specialized teachers. This stage spans for three years, followed by the completion of 6 years of primary education. Mandatory education in the GCC countries ends at this stage. On completion of lower secondary education, students are eligible to pursue upper secondary education that entails a sharper subject specialization. Following the upper secondary education stage, students are expected to have completed nine years of basic education. The entry-level age is usually 15 to 16 years

**Tertiary Education/Higher Education:** This level entails post-secondary education, higher education as well as technical and vocational training. The course curriculum is mainly theory-based and is aimed at preparing the students to pursue advanced research programs as well as professional courses such as medicine, engineering, accountancy, and architecture. Although it spans three years generally, it could extend to four or more years in cases where on-job training is part of curriculum

**Technical and Vocational Education and Training (TVET):** This level of education prepares students for a particular trade or occupation in fields such as engineering, accountancy, nursing, and pharmacy, amongst others

**Community Schools:** A type of private school run by the embassies of countries for their nationals residing in the country

**Gross Enrolment Ratio (GER):** This is the total enrolment at a particular education level, which is regardless of age and is expressed as a percentage of the eligible official school-age population, corresponding to the same level of education in a given school year

**Pupil-Teacher Ratio:** Average number of students per teacher at a given level of education, based on the number of students and teachers

*"The GCC education industry is buoyant with new schools opening in Dubai, Abu Dhabi and locations such as Qatar and Saudi Arabia. Many international franchises, UK independent schools in particular, are opening branches in the region. Given the dynamic (and possibly transient) nature of some of the population, education as a service is dependent on the wider economy. As more families move to the region for economic reasons, they need to be reassured about the quality of schools available to them.*

*While there is growing demand for schools, the region is facing challenges like undersupply of high quality western curricula schools. However, with new schools opening in Dubai in 2016, there will be increased competition in the middle range of schools, which may lead to reduction in students enrolment, if the quality standards are not met. Another crucial challenge is availability of sufficient numbers of high quality western teachers to meet the growing demand, while managing the disparity between fees (and as such salaries) between schools. Also high quality Arabic teachers are at a premium - more means should be created to support and develop local talent."*

**Mr. Khalaf Ahmad Al Habtoor**

**Chairman**

**Al Habtoor Group, UAE**

*"The GCC education industry, particularly the K-12 sector, is in a transition phase, and each country in the region is at a different stage, facing a different set of challenges and opportunities. In Dubai, which is the region's most sophisticated and competitive market, there is a clear shift from a seller's to a buyer's market. With the opening of between 17 to 22 new schools this year, and a similar number projected for next year, parents will have a greater number of quality options going forward. This increased competition will lead to a "flight to quality", with operators that demonstrate a greater focus on quality becoming the winners, and marginal players getting further marginalized.*

*Abu Dhabi & Doha are also growing fast but it might take a few more years before they reach a supply/demand situation similar to Dubai's. Bahrain has a number of established operators and it shows the characteristics of a rather mature market with more balanced supply and demand. Saudi Arabia, the largest market in terms of population, is also the most challenging to operate in: With a higher cost base and generally lower revenues driven by lower income levels, the margins for operators can be compressed.*

*One of the region's biggest challenge is attracting and retaining skilled teachers. This leads to cost escalation, especially in Saudi Arabia. Government regulations have been encouraging and generally led to increased private sector investments in the K-12 space. While increased competition is a challenge, regulators have incentivized operators to be more transparent and accountable and at the same time deliver better quality of education."*

**Dr. Pablo Fetter**

**Chief Executive Officer**

**Kings' Education, UAE**

*"We are optimistic in our outlook for the education sector in the UAE. A combination of factors encompassing growth in population, Expo2020, other governmental initiatives to promote investments in the sector, upcoming mega projects in the UAE, increasing private sector participation and the overall improvement in quality standards to outweigh competition can be attributed as driving forces.*

*Having said that the sector is coping up with challenges on fronts including quality staff recruitment, retention of students, preserving reputation and quality underpinned by regulatory ratings, financial resilience by balancing costs and fee income (highly regulated), rebates and discounts which is a growing trend and lastly the need for schools to re-evolve and have unique selling propositions to be a differentiator in this highly competitive market. The 7Rs above are key to success of operators in the education sector and are also perceived as opportunities for the new entrants.*

*There is growing preference for international curricula especially the British curriculum. This coupled with trends including increasing confidence in the region, shift in technology, new school places to meet demand-supply gap, linking the chain i.e. schools - tertiary institutions / universities - potential employers, will attribute to the growth of the sector."*

**Mr. Clive Pierrepont**

**Director of Communications**

**Taaleem, UAE**

*"The education sector in the UAE is going through a rapid and significant change. The growing number of schools and seats in Dubai is keeping up with the pace of the growing population, reducing the demand supply gap. With the opening of new schools this year, for the first time we will see a situation of more seats than students. Parents now have a choice, like never before and are asking questions based on the quality, facilities, teacher turnover ratio and extracurricular activities.*

*Availability of skilled and qualified teachers remains a major challenge for the sector. To cope successfully with growing competition, schools need to be willing to change in line the technology advancement and also be able to finance this change. Offering CPD (continuous professional development) for teachers to enhance their skills and keep them updated on new methods of teaching is also very important.*

*I am pleased that the government is aspiring to make Dubai a knowledge capital in the GCC and have taken right steps towards it by encouraging more schools and investment in the sector, which in turn is increasing the competition and forcing the players to offer better quality and value for money.*

*I believe that running a school requires a lot of passion and commitment. While every school likes a profit, there are no quick bucks here. Players that treat education as a pure profit making business will face challenges when it comes to enhancing quality when faced with pressures on fees & enrolment that will come with greater competition"*

**Mr. Mohan Valrani**

**Chairman**

**The Arcadia Preparatory School, UAE**

*"It is an exciting time to be involved in the education business in Oman. The country is young, and there is a genuine belief in good quality international education. Omani families continue to seek an education for their children, which will leave them bilingual and with an understanding of international business culture, and the coping skills necessary to succeed in the global arena. The market needs are diverse, and whilst the number of bilingual international school models are growing and attracting investment, there is also expansion in the pure foreign curriculum schools. Existing schools are increasing on-site capacity as well as extending their geographical footprints. The Indian schools in particular are hugely oversubscribed with demand currently outstripping the supply.*

*Consequently there is a lot of jostling for market share and the schools that consistently deliver quality education, will enjoy the long term fruits. On the flip side, the region has seen the demise of a number of operators who over-promise and under-deliver with catastrophic consequences. Whilst most investment is concentrated in Muscat, other regions are experiencing development. The challenge for investors is the timing of entering such markets, as there remain many unknown factors when developing and evaluating business models.*

*Uncertainty with Ministry of Education regulations, particularly the process of introducing fee increases, does make investment planning very challenging and, in some instances, unattractive. Furthermore, regulations pertaining to third party providers can also be unexpected and have a restricting impact. Omanisation of certain industries eg transport, HR, Finance and Administration has also effectively driven salary costs up significantly, all making investment less attractive.*

*Where services are outsourced the investor with multiple business units is best positioned to leverage volume to gain the best possible rates, and the smaller single owner operators will be disadvantaged. Ultimately I think it is inevitable that the medium to big players will control the market"*

**Mr. Danny Harrison**

**Chief Executive Officer**

**AI Omania Education Services Company, Oman**

*"The education sector is witnessing a wave of change due to factors like high spending power, attractive demography, and the willingness to pay for the quality education. The challenge of undersupply faced by the sector in most of the GCC countries, has been resolved to the point that Dubai will see oversupply, which will lead to a healthy competition, quality standard going up while fee structures becoming more affordable.*

*However, factors such as shortage of teachers, high construction cost, and misalignment between the job market and the skills imparted at academic institutes are surfacing as challenges. To overcome these challenges, the GCC governments have increased their focus on the development of the education sector by implementing several reforms to increase access to education and enhance quality. While reforms have been taking place across all levels of education, currently, the emphasis is more on the development of the higher education segment to meet the requirements within the GCC labor market.*

*As the demand for education continues to rise, the private sector is gaining ground with the opening of several international schools and universities. This coupled with other trends like growing preference for International schools and curricula and adoption of technology, promise a robust growth in the sector."*

**Mr. Rohit Walia**

**Executive Chairman**

**Alpen Capital**

## 1. Executive Summary

The GCC education sector is witnessing a robust growth in student enrolments coupled with a steady expansion in related infrastructure. Government reforms and spending have played a key role in strengthening the sector. Further, measures to encourage private sector investments alongside an increasing preference for international curricula amongst residents are attracting renowned foreign education institutes to the region. Despite its dependence on expatriate teachers amidst a shortage of such skilled professionals world over, the GCC education sector continues to thrive due to its rising school and college age population, high per capita income, and surging demand for quality education.

### 1.1 Scope of the Report

This report is an update to Alpen Capital's GCC Education Industry Report dated July 02, 2014. It showcases the current state of the education industry across the GCC nations while presenting the recent trends, growth drivers, and challenges. The report also provides an outlook of the industry until 2020. Further, it profiles some of the prominent education providers in the region.

### 1.2 Industry Outlook

- The total number of students in the GCC education sector is projected to reach 15.0 million in 2020, registering a CAGR of 3.6% from an estimated 12.6 million in 2015. An expanding base of school and college age population and increase in the GER across the education segments is likely to drive the growth.
- During the forecast period, the number of students in pre-primary (0.9 million in 2020) and tertiary (2.7 million) segments is anticipated to increase faster than that in the other segments. However, students at primary and secondary segments at 11.5 million in 2020 would continue to form over three-fourth of the total students.
- The number of students at private schools is projected to cross 3.0 million in 2020, displaying a 5.1% CAGR from 2015. Enrolments at public schools are anticipated to increase at an annual average of 2.6% to 9.3 million.
- From an estimated 9.2 million in 2015, the total number of students in Saudi Arabia is projected to grow at an annualized rate of 3.5% to 11.0 million in 2020.
- The total number of students in the UAE is projected to grow at an annualized rate of 4.1%, from an estimated 1.1 million in 2015 to 1.4 million in 2020.
- The demand for schools in the GCC region is likely to increase at a 3.0% CAGR from an estimated 43,903 in 2015 to 50,978 in 2020. This signifies a requirement of more than 7,000 schools in the next five years, most of which is anticipated in Saudi Arabia.

### 1.3 Key Growth Drivers

- The GCC population is projected to reach close to 60 million in 2020, of which, the number of people below 25 years of age is likely to surpass 22 million. A large and increasing base of school and college going population is fostering the demand for education in the region.
- A high personal income level alongside a tax-free environment has resulted in additional disposable income among the GCC population. Consequently, the population displays a strong ability and willingness to spend on quality education at international schools, translating into a huge opportunity for the private players
- Focus on the education sector across the GCC nations has been increasing, in terms of budget allocations and long-term development strategies including five-year plans. This is not only strengthening the local education system but also presenting opportunities for international schools and universities.

- The private sector is receiving support from the governments through the investor-friendly policies aimed at augmenting the scale and quality of education in the region. The share of private schools in overall K-12 enrolments increased from 19.0% in 2009 to 22.1% in 2014. The growth is likely to continue as the countries focus more on privatization.
- More than 500 educational projects collectively worth above US\$ 50 billion are under various stages of development across the member nations. With several noteworthy projects underway, the GCC education is set to witness significant capacity addition.

### 1.4 Key Challenges

- The shortage of teachers in the region is the second highest in the world due to an overall dearth of teachers globally coupled with a low pool of nationals inclined towards pursuing teaching as a profession in the GCC. Moreover, the dependence on expatriates, who are transient in nature, is further challenging the availability. The opening of new institutions in the region is not likely to help the situation.
- Factors such as increase in the cost of construction, long gestation period, inflation, competition, difficulty in hiring skilled teachers, and regulated fee hikes, among others, are creating operational challenges for the private education providers.
- The desire to gain global competencies and build foreign language skills is driving outbound mobility. Another factor driving the outflow of students is the rising cost of education in the GCC.
- The GCC education system is yet to align itself with the needs of the globalized industry and become competitive in the fields of science and research. Because of the skill gap, unemployment among the youth in the member nations has increased.

### 1.5 Key Trends

- The popularity of international schools in the GCC is rising due to the presence of a large number of expatriates coupled with the desire of the local residents to send their children to institutions offering high-quality education. This has led to the advent of several international educational institutes in the GCC. Based on the number of foreign schools, the UAE ranked the highest among the top fifteen countries globally with its 511 schools and Saudi Arabia (245) and Qatar (152) also featured in the 5<sup>th</sup> and 14<sup>th</sup> positions, respectively.
- The GCC nations are increasingly deploying information and communications technology to facilitate effective learning. The governments are investing heavily towards modernizing the education system.
- Having identified the gap between the skills of the available workforce and those demanded by the job market, the GCC governments are putting in efforts to enhance the higher education landscape. Countries such as the UAE and Qatar have been developing their higher education ecosystem with the establishment of international colleges and universities to attract overseas students.

Increasing enrolments, emphasis on quality of education, adoption of smart education concepts, focus on streamlining the education system, and efforts to privatize the sector are the key factors invigorating interest in the GCC education sector. These structural advances in the sector are helping the member countries get closer to realizing their vision of building a knowledge-based economy.

## 2. The GCC Education Industry Overview

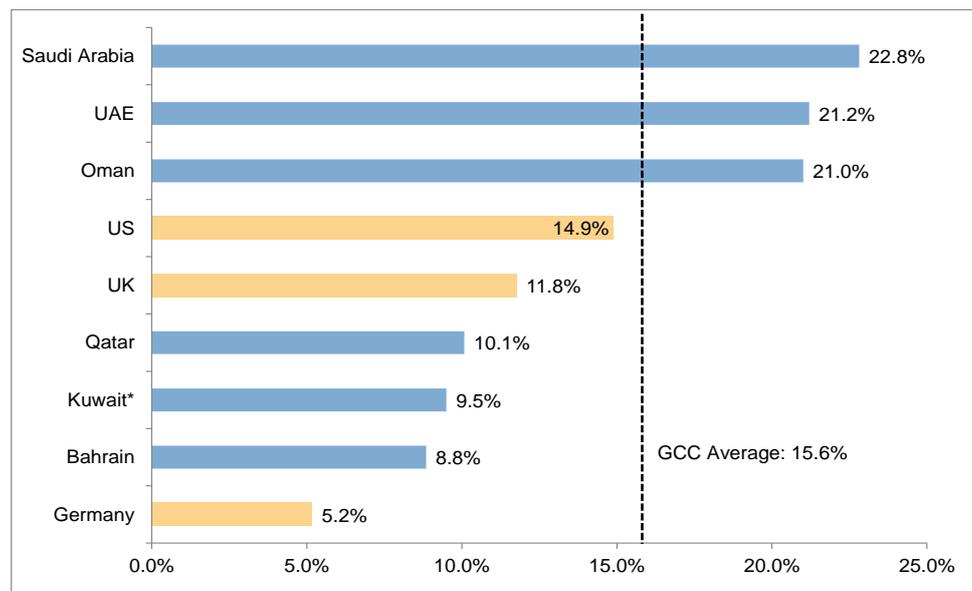
**The GCC education sector is receiving impetus from high spending power, attractive demography, the willingness to pay for quality of education, and government support**

**Saudi Arabia, the UAE, and Oman have apportioned more than 20% of their total budgeted expenditure in 2016 towards the sector**

The GCC education sector is receiving impetus from inherent growth drivers such as high spending power, attractive demography (nearly 40% of the estimated population in 2015 was under 25 years of age<sup>1</sup>), the willingness to pay for quality of education, and government support. However, factors such as shortage of teachers, high construction cost, and misalignment between the job market and the skills imparted at academic institutes are surfacing as challenges. This has resulted in a demand supply mismatch. To bridge the gap, the GCC governments have increased their focus on the development of the education sector by implementing several reforms to increase access to education and enhance quality. While reforms have been taking place across all levels of education, currently, the emphasis is more on the development of the higher education segment to meet the requirements within the GCC employment market. As the demand for education continues to rise, the private sector is gaining ground with the opening of several international schools and universities.

The GCC governments have been reserving a large portion of their budgets towards the development of the education sector. Despite a significant drop in oil prices affecting their major revenue stream, Saudi Arabia, the UAE, and Oman have apportioned more than 20% of their total budgeted expenditure in 2016 towards the sector<sup>2</sup> (see Exhibit 1). The share is much above that in the developed nations such as the US, the UK, and Germany. A high budget allocation is an indicator of the governments' focus on the overall development of the education system to produce a skilled workforce better suited to the employment requirements. This will partially help in addressing the issue of high unemployment in the region. In 2014, youth unemployment in Saudi Arabia stood at 29.5%, with that in Kuwait and Oman at 19.4% and 18.8%, respectively<sup>3</sup>.

**Exhibit 1: Government Spending on Education as a % of Total Budgeted Expenditure (2016)**



Source: Ministry of Finance of Saudi Arabia and Bahrain; Gulf News; Qatar News Agency; Oman Daily Observer; Kuwait Times; usgovernmentspending.com; ukpublicspending.co.uk; German Missions in the United States

\* 2015 data

<sup>1</sup> Source: United Nations Population Division (UNPD)

<sup>2</sup> Source: Ministry of Finance of Saudi Arabia; Gulf News; Oman Daily Observer

<sup>3</sup> Source: The World Bank



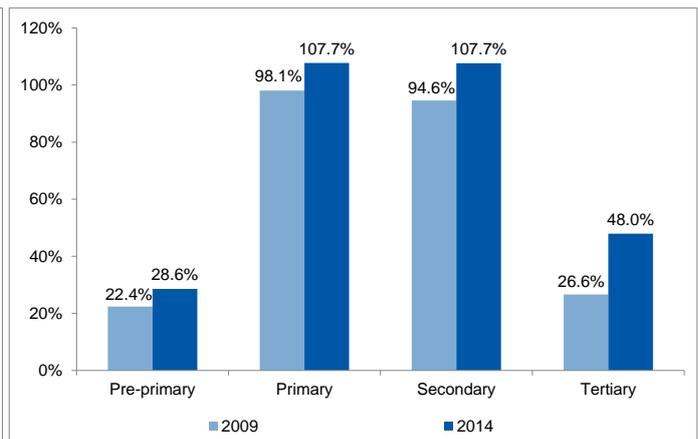
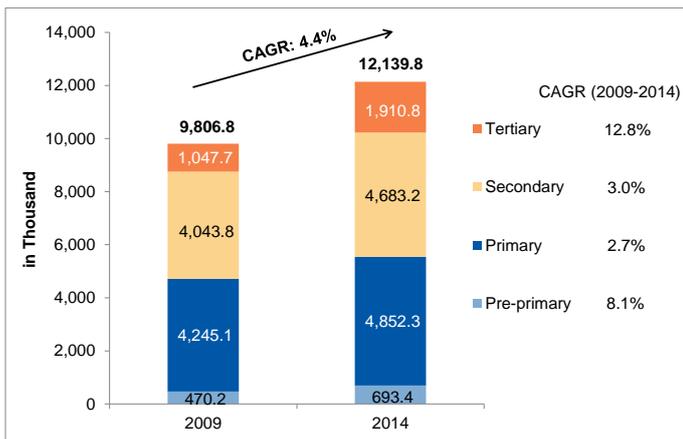
**Student enrolments in the GCC crossed 12.1 million in 2014, registering an annualized growth of 4.4% from 2009**

The GCC governments' investments, reviews, and regulations over the years coupled with increasing private sector participation have resulted in a rise in enrolments at schools and colleges. Student enrolments across various education segments<sup>4</sup> in the region crossed 12.1 million in 2014, registering an annualized growth of 4.4% from 2009<sup>5</sup> (see Exhibit 2). Education is free to the nationals and attaining primary level of education is mandatory. In some of the member countries such as the UAE, Bahrain, and Kuwait, mandatory education is up to the intermediate/secondary level. Thus, the primary and secondary segments accounted for nearly 80% of the total enrolments in 2014 and witnessed a sound CAGR of ~3% in enrolments. However, the tertiary segment registered the fastest growth in enrolments at 12.8% over a period of five years to 2014, primarily driven by an increase in the number of colleges and universities along with rising awareness about the importance of higher education. Rapid growth in the tertiary as well as pre-primary segments is partly due to a low base of enrolments.

The GER across various levels of education has improved in the GCC in the last five years to 2014. The GER at primary and secondary schools was above 100% in 2014 whereas that within the tertiary education segment reached nearly 50%<sup>5</sup> (see Exhibit 3). There has been a remarkable improvement in the GER at the tertiary segment because of increased government attention as well as the opening of several international colleges. The GER for the pre-primary segment is low, compared to the other segments, as attending nurseries and kindergartens is not a prerequisite to enter the primary level. However, the ratio has improved since 2009 due to the increased presence of expatriates, who are more aware of the benefits of pre-primary education.

**Exhibit 2: Student Enrolments in the GCC, by Segments**

**Exhibit 3: GER across the GCC, by Segments**



Source: UNESCO, CBS of Kuwait, MoE of Bahrain

Source: UNESCO, CBS of Kuwait, MoE of Bahrain, Alpen Capital

**The GER at the tertiary, secondary, and primary segments in the GCC outperformed or was at par with the world average in 2014**

The GER across most of the education segments in Saudi Arabia – the region's largest education market – was above the world average and comparable with the developed nations<sup>5</sup> (see Exhibit 4). The UAE's pre-primary schools had one of the best GERs within the region, which also exceeded that in the US and the UK. Overall, the GER at the tertiary, secondary, and primary segments in the GCC region outperformed or was at par with the world average in 2014 but underperformed in case of pre-primary education.

<sup>4</sup> In the report, the education segments comprise pre-primary, primary, secondary, and tertiary

<sup>5</sup> Source: UNESCO, Central Bureau of Statistics (CBS) of Kuwait, Ministry of Education (MoE) of Bahrain

**Exhibit 4: GER in the GCC and certain Developed Nations (2014)**

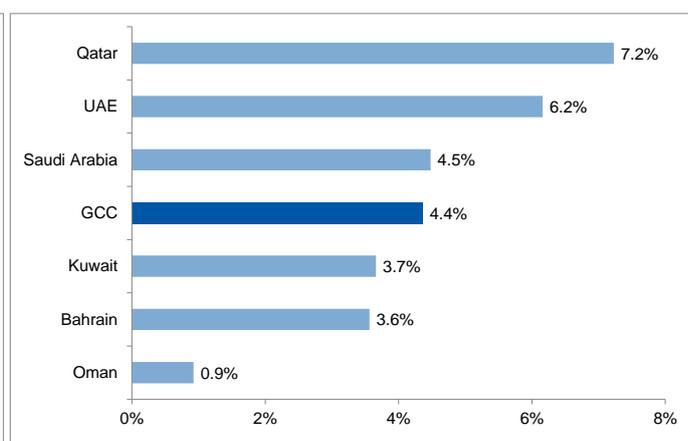
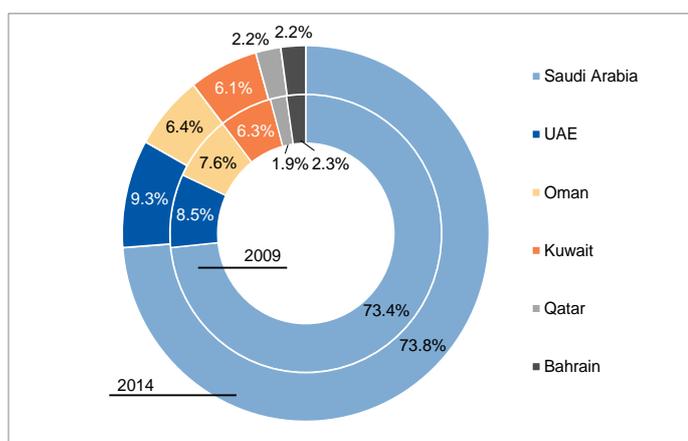
Parameters	Pre-primary	Primary	Secondary	Tertiary
Bahrain	55.2%	94.5%	92.6%	36.8%
Kuwait	66.4%	102.0%	93.6%	45.9%
Oman	54.4%	110.3%	135.7%	23.9%
Qatar	58.5%	102.4%	94.1%	15.8%
Saudi Arabia	16.3%	108.7%	108.3%	61.1%
UAE	92.0%	106.7%	100.1%	22.0%
GCC	28.6%	107.7%	107.7%	48.0%
World (2013)	53.8%	108.0%	75.2%	32.9%
Germany (2013)	109.7%	103.0%	102.5%	61.1%
UK (2013)	78.1%	108.7%	124.4%	56.9%
US (2013)	71.3%	99.4%	95.9%	88.8%

Source: UNESCO, CBS of Kuwait, MoE of Bahrain, Alpen Capital

**From 2009 to 2014, Qatar and the UAE accounted for the highest annual growth in enrolments, while that in Oman was the lowest**

With its large population size, Saudi Arabia accounted for nearly three-fourth of the total enrolments in the region in 2014<sup>6</sup> (see Exhibit 5). The share of most of the member nations in the region's total enrolments remained almost unchanged over the last five years, with the UAE and Oman registering the most noticeable shift at a nearly 1% increase and a 1.2% drop, respectively. During the period, Qatar and the UAE accounted for the highest annual growth in enrolments, while that in Oman was the lowest (see Exhibit 6). The enrolment growth in Qatar and the UAE is mainly attributable to an increasing number of expatriates in these countries. Both the nations face a shortage of seats at the K-12 private schools. Due to a diversified background of the expatriates, demand for international and community schools is on the rise across almost all the GCC nations. Moreover, the nationals are also increasingly enrolling their children at international schools to benefit from the quality of education and comprehensive curricula they offer.

**Exhibit 5: Composition of Student Enrolments, by Country** Exhibit 6: **Student Enrolments Growth (CAGR: 2009-2014)**



Source: UNESCO, CBS of Kuwait, MoE of Bahrain

Source: UNESCO, CBS of Kuwait, MoE of Bahrain

<sup>6</sup> Source: UNESCO, CBS of Kuwait

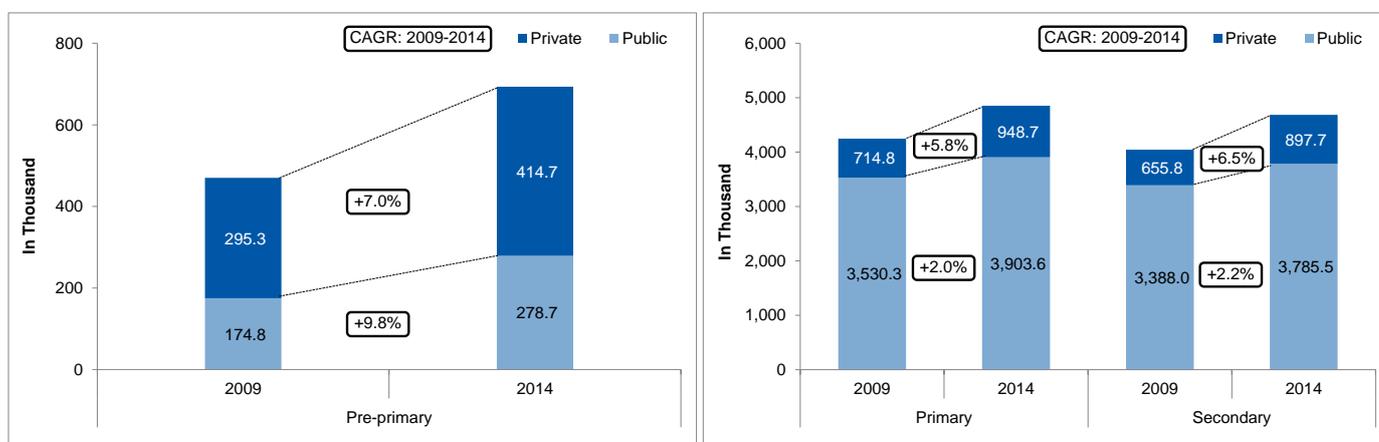
**Public schools in the region account for a majority of the enrolments at the primary and secondary segments**

**The share of the private sector in the total enrolments within the K-12 education system has been rising across the GCC nations**

On an aggregate basis, public schools in the region account for a majority of the enrolments at the primary and secondary education segments, having catered to more than 80% of the students in 2014<sup>7</sup>. This is particularly true in case of Saudi Arabia, Oman, and Kuwait, which are home to fewer expatriates. Local students largely attend government-run schools, as they offer free education. Moreover, the enrolment of expatriate students at the public schools is capped and conditional. On the other hand, the private sector dominates the education landscape in the UAE and Qatar.

Overall, the share of the private sector in the total enrolments within the K-12 education system has been rising across the GCC nations. The private education market in these countries is perceived as the fastest growing in the world<sup>8</sup>. While enrolments in K-12 public institutions increased by 2.4% annually from 2009 to reach 8.0 million in 2014, that in private schools grew at a faster rate of 6.3% to reach 2.3 million<sup>7</sup>. Enrolments at private pre-primary schools grew at a CAGR of 7.0% from 2009 to 2014 whereas those at the primary and secondary private schools registered a growth of 5.8% and 6.5%, respectively (see Exhibit 7). Pre-primary is the only segment of the K-12 education system where the share of the private sector exceeds 50%, as it is dominated by expatriate students.

**Exhibit 7: Student Enrolments in K-12 Education, by Type of Institution**



Source: UNESCO, CBS of Kuwait, Alpen Capital

**The UK and the US curricula are the most popular amongst not only the expatriates but also the GCC citizens**

Due to the presence of expatriates from Western and Asian countries, the GCC region has a number of private schools offering diverse curricula such as British, American, International Baccalaureate (IB), Indian, and other Asian syllabi. The UK and the US curricula are the most popular amongst not only the expatriates but also the GCC citizens, who wish to impart international standard education to their children. Some private schools offering such Western curricula target specific communities such as the Japanese, the Germans, and the French and enjoy subsidies by the respective governments.

Although the opening of new schools and colleges is meeting the rising demand for education to an extent, the region faces a shortage of skilled teachers and is largely dependent on expatriates to bridge the gap. On an average, in the GCC nations, there are about 16 students for every teacher at the pre-primary and tertiary levels and above 10 at the primary and secondary levels of education<sup>7</sup> (see Exhibit 8). The ratio is better than the world average of more than 20 at pre-primary and primary schools and 17.4 at secondary

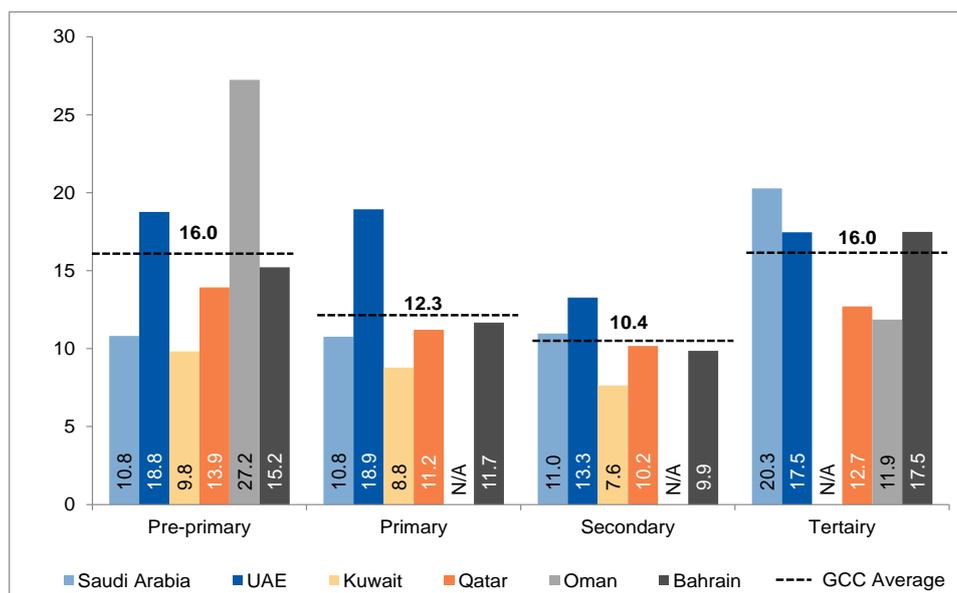
<sup>7</sup> Source: UNESCO, CBS of Kuwait, Alpen Capital

<sup>8</sup> Source: "GCC Region's Schools", Faithful Gould, January 30, 2014

**All the teachers across the education levels in Saudi Arabia, the UAE, and Oman are trained**

schools, as observed in 2013. The ratio in the GCC is also healthier than that of the US and the UK, where it is in the 14 to 18 range at primary and secondary schools. A low student to teacher ratio indicates more attention and instructional support per student. However, the effectiveness of teaching also depends on the level of experience or skills of the staff. All the teachers across the education levels in Saudi Arabia, the UAE, and Oman are trained<sup>9</sup>. On the other hand, only two-third of the secondary teachers and about 60% of the primary teachers in Qatar have received the minimum organized training. The percentage of trained pre-primary teachers in the country is even lower at about 30%. Kuwait and Bahrain, due to a small student base, have been able to hire an adequate number of trained teachers.

**Exhibit 8: Pupil to Teacher Ratio in the GCC (2014)**



Source: UNESCO, CBS of Kuwait, Alpen Capital

Note: The latest ratio at the primary and secondary schools in Oman and that at the tertiary segment of Kuwait is not available

**Despite high government spending on education and a better student to teacher ratio, students in the region need further improvement in the areas of mathematics, science, and reading**

Most of the GCC countries are focused on increasing the number of teachers. However, despite high government spending on education and a better student to teacher ratio, students in the region need further improvement in the areas of mathematics, science, and reading. Students from the GCC countries have scored less than the global average at comparative studies such as the 'Program for International Student Assessment' and 'Trends in International Mathematics and Science Study'<sup>10</sup>. Acknowledging the importance of quality, several teacher-training programs are being conducted in the region in collaboration with international teacher education institutes. For instance, Abu Dhabi collaborated with Singapore's National Institute of Education to train teachers and principals<sup>11</sup>. Bahrain has also set up Bahrain Teachers College, a specialized college to train the teaching professionals<sup>12</sup>.

<sup>9</sup> Source: UNESCO

<sup>10</sup> Source: "How will the GCC close the skills gap?", EY, 2015

<sup>11</sup> Source: "Improving education in the Gulf", The McKinsey Quarterly, 2007

<sup>12</sup> Source: "NIE/NTU, Singapore Congratulates Bahrain Ministry of Education on Opening of Bahrain Teachers' College", National Institute of Education, Singapore, February 2009

**Qatar and the UAE are ranked 9<sup>th</sup> and 13<sup>th</sup>, respectively, based on the quality of primary education**

**With nearly 45% of the Saudi Arabian population below 25 years of age, focus on education is integral to the country's growth**

## Quality of Education

The GCC governments have been paying close attention to enhancing the quality of education through a number of measures like establishing quality assurance authorities, setting up guidelines, and encouraging technology-driven education, among others. Based on the Global Competitiveness Report 2015-2016 published by World Economic Forum (WEF), Qatar and the UAE are ranked 9<sup>th</sup> and 13<sup>th</sup>, respectively, based on the quality of primary education. However, Saudi Arabia, Oman, and Kuwait are ranked much lower than their regional counterparts. The provision of high-quality education is a key to contain the migration of citizens as well as expatriates, who seek education abroad.

### 2.1 The Saudi Arabian Education Sector

With nearly 45% of the Saudi Arabian population below 25 years of age<sup>13</sup>, focus on education is integral to the country's growth. The Saudi Arabian government has made significant strides in developing its education sector by providing scholarships to students, offering grants to universities, sponsoring students to pursue overseas education, and promoting vocational education. Over the years, more than 20% of the fiscal budget has been earmarked for the education and training sector<sup>14</sup>. In the 2016 budget, the government allocated SAR 191.7 billion (US\$ 51.5 billion<sup>15</sup>) towards the sector.

Focus on the development of the sector has improved the Kingdom's adult literacy rate<sup>16</sup> to nearly 95% in 2015 from about 79% in 2000<sup>17</sup>. However, Saudi Arabia needs substantial improvement in terms of the quality of education it offers. The country ranked 72<sup>nd</sup> for the quality of its primary education among the 140 nations assessed by WEF in the Global Competitiveness Report 2015-2016 (see Exhibit 9), having dropped from 69<sup>th</sup> in the previous year. The country's ranking in terms of the quality of its math and science education, that of its management schools, and the extent of staff training improved from that in the previous year.

#### Exhibit 9: Saudi Arabia Ranking – Quality of Education

Parameters	Rank (2015-2016)
Quality of primary education	72
Quality of the education system (higher education and training)	47
Quality of math and science education	69
Quality of management schools	62
Internet access in schools	63
Availability of specialized training services	74
Extent of staff training	53

Source: *The Global Competitiveness Report 2015-2016 – WEF*

Note: A group of 140 countries was considered for this assessment

Saudi Arabia's education sector is the largest within the GCC, with more than 37,000 schools, 25 public universities with over 500 colleges, more than 65 private colleges, and

<sup>13</sup> Source: UNPD

<sup>14</sup> Source: Annual Budgets, Ministry of Finance – Saudi Arabia

<sup>15</sup> At the exchange rate on December 28, 2015

<sup>16</sup> Based on population over 15 years of age

<sup>17</sup> Source: UNESCO

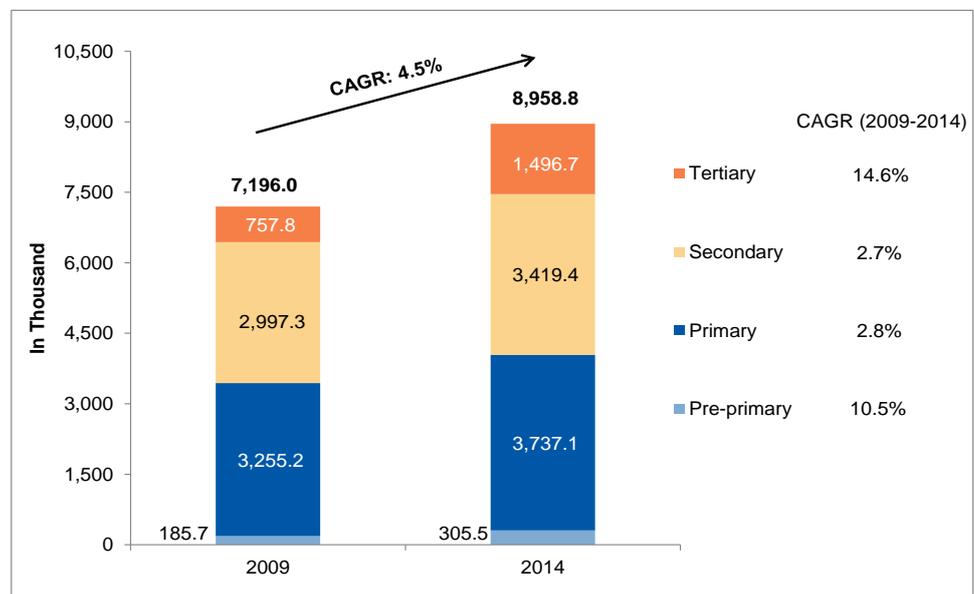
**The Kingdom enrolled about 9.0 million students in 2014, registering a CAGR of 4.5% from 2009**

**Primary and secondary schools accounted for over 95% of the student enrolments in the K-12 education system**

several technical colleges<sup>18</sup>. The Kingdom enrolled about 9.0 million students in 2014, registering a CAGR of 4.5% from 2009<sup>19</sup>. During the period, the overall GER improved by more than 14 percentage points to 82.1%. The growth in the enrolment ratio is a result of the rising willingness of the residents to pursue education, in particular, the female students.

The country's K-12 schools catered to about 7.5 million students, contributing more than 80% of the total enrolments in 2014<sup>19</sup>. Pre-primary education is not a prerequisite in the country for entering primary schools. However, education is mandatory for children between 6 and 12 years of age. As a result, primary and secondary schools accounted for over 95% of the student enrolments in the K-12 education system and recorded a high GER of ~108% in 2014, respectively. Measured by annual growth in K-12 enrolments in the last five years to 2014, pre-primary schools witnessed the highest growth at 10.5%, largely due to a small base. Enrolments at the primary and secondary education levels grew by nearly 3% annually (see Exhibit 10). The rise in enrolments was faster than the growth in the school-age population during 2009 to 2014. Compared to the K-12 education segments, enrolments at the tertiary segment in the Kingdom grew faster at a CAGR of 14.6% during the five-year period, indicating a rising inclination towards pursuing higher education.

**Exhibit 10: Student Enrolments in Saudi Arabia, by Segments**



Source: UNESCO

With a high number of nationals seeking free education, the public sector accounts for a large pool of students in Saudi Arabia. Enrolments at the primary and secondary public schools grew at a CAGR of more than 2% each during 2009 to 2014<sup>20</sup> (see Exhibit 11), with both enjoying a GER of 97.6% and 94.4% in 2014, respectively. More than 6.5 million students were enrolled at the public schools, accounting for 87.3% of the K-12 enrolments in 2014. However, this share has reduced from nearly 89% in 2009. While the country is

<sup>18</sup> Source: "Schools warned against unapproved fee hikes", Arab News, May 19, 2014; "Achievements of the development Plans" Thirty – First Issue, Ministry of Economy and Planning of Saudi Arabia; MinnPost

<sup>19</sup> Source: UNESCO

<sup>20</sup> Source: UNESCO, CDSI, Alpen Capital

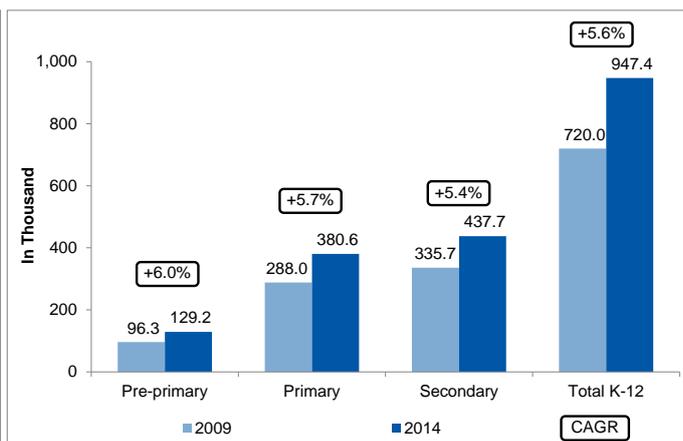
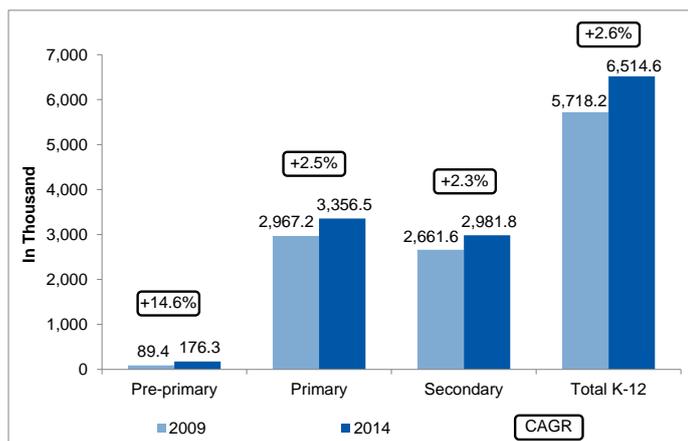
**While the country is dominated by public schools, an increasing number of private schools have come up in the metropolitan regions of the Kingdom**

dominated by public schools, an increasing number of private schools have come up in the metropolitan regions of the Kingdom. The government has been encouraging private sector participation by providing funding and administrative support to share the burden of growing demand for education.

Already, enrolments at private schools across all education segments have increased at a faster rate of above 5% (annualized) over the last five years than that at public schools (see Exhibit 12). International schools are becoming popular within the private sector, as they follow formats that are at par with international standards. Therefore, despite a high tuition fee, these schools are successful in attracting a large number of students.

**Exhibit 11: Student Enrolments in Saudi Public Schools**

**Exhibit 12: Student Enrolments in Saudi Private Schools**



Source: UNESCO, CDSI, Alpen Capital

Source: UNESCO, CDSI, Alpen Capital

**Tertiary or higher education segment in the Kingdom catered to about 1.5 million students in 2014, translating into a GER of 61.1%**

Tertiary or higher education segment in the Kingdom catered to about 1.5 million students in 2014, translating into a GER of 61.1%<sup>21</sup>. The enrolment ratio in the tertiary segment of the country is the highest in the GCC. The higher education segment in Saudi Arabia has grown rapidly in the last five years to 2014, with the GER having doubled. The government is increasing its focus on creating awareness about the importance of higher education as well as vocational and technical training courses to strengthen its skill-based human capital. Accordingly, the government expenditure in the vocational and technical training segment reached US\$ 6.1 billion in 2014, indicating a staggering growth of 41.6% from 2010<sup>22</sup>.

Established in 2013 as the leading authority for applied training in Saudi Arabia, the Colleges of Excellence completed its second phase of partnership agreements to establish 37 colleges in collaboration with international training providers in the US, Canada, the UK, and Spain. These colleges have enrolled over 11,000 students<sup>23</sup>.

**Each year, at least 300,000 expatriate students migrate from the Kingdom for higher education**

Each year, at least 300,000 expatriate students migrate from the Kingdom for higher education<sup>24</sup>. To accommodate these students at home, the country is building an international university in Jeddah comprising 13 colleges offering various specializations. Involving an initial investment of SAR 1 billion (US\$ 0.3 billion<sup>25</sup>), the new university is a joint venture project between Gammon Saudi Arabia and India-based Bapuji Institute of

<sup>21</sup> Source: UNESCO

<sup>22</sup> Source: "Vocational training in KSA", Clyde & Co., July 2, 2015

<sup>23</sup> Source: Colleges of Excellence website

<sup>24</sup> Source: "New university to solve problem of expats", Arab News, April 21, 2015

<sup>25</sup> At the exchange rate on April 21, 2015

Science & Technology. The setting-up of new universities and Colleges of Excellence is increasing the pool of students registering for higher education and in turn, supporting the country's efforts to close the skill gap.

## 2.2 The UAE Education Sector

The UAE government has been making significant strides to fulfill its vision to build a first-rate education system. To achieve this objective, the government aims to equip schools and colleges with smart devices, make substantial investments to increase enrolments at pre-schools, improve the students' capabilities in subjects such as mathematics and science, and hire internationally accredited teachers. Despite a budget cut amid falling oil prices, the education sector received the highest allotment of 21.2% of the US\$ 13.2 billion 2016 budget<sup>26</sup>. Focus on developing the education system yielded an adult literacy rate of 93.8% in 2015, an improvement from 90.0% a decade ago<sup>27</sup>.

**The UAE was ranked 12<sup>th</sup> and 13<sup>th</sup> based on the parameters of quality of higher and primary education, respectively**

In the 2015-2016 Global Competitiveness Report, the UAE was ranked as 12<sup>th</sup> and 13<sup>th</sup> based on the parameters of quality of higher education and training, and primary education, respectively (see Exhibit 13). The quality of education is indicative of the existence of renowned schools and colleges in the country including names like GEMS, SABIS, Innoventures, London Business School, New York University of Technology, Rochester Institute of Technology, and Wharton School. The gradual expansion of the smart learning program, launched in 2012, has enabled the country to rank 9<sup>th</sup> in terms of providing internet access at its schools.

**Exhibit 13: UAE Ranking – Quality of Education**

Parameters	Rank (2015-2016)
Quality of primary education	13
Quality of the education system (higher education and training)	12
Quality of math and science education	11
Quality of management schools	20
Internet access in schools	9
Availability of specialized training services	20
Extent of staff training	12

Source: *The Global Competitiveness Report 2015-2016 – WEF*

Note: A group of 140 countries was considered for this assessment

**More than 1.1 million students pursued education in the UAE in 2014, having increased at an annualized rate of 6.2% from 2009**

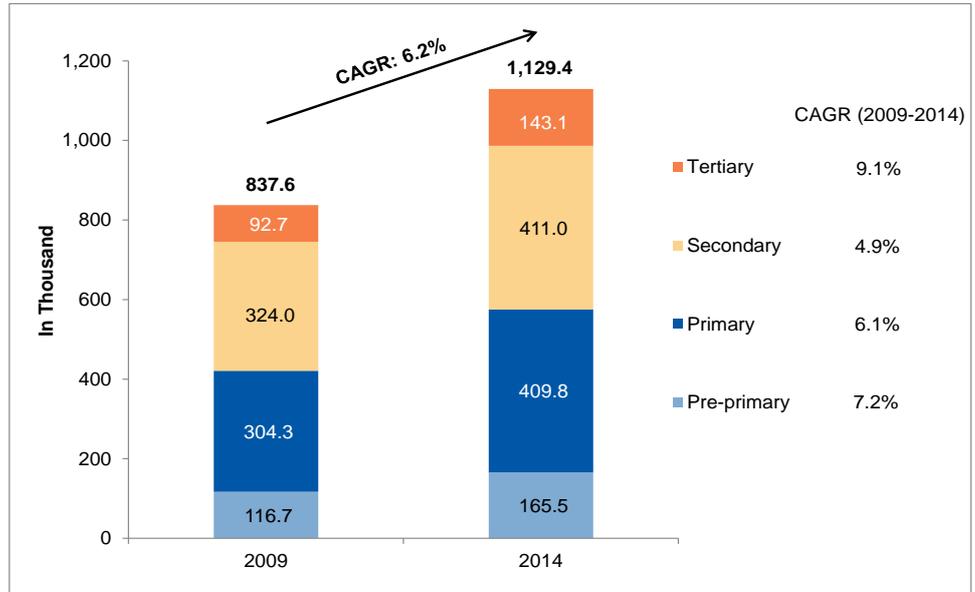
In 2014-2015, the country had more than 1,200 schools (542 private) and over 85 higher education institutions (largely private)<sup>28</sup>. More than 1.1 million students pursued education in the UAE in 2014, having increased at an annualized rate of 6.2% from 2009<sup>27</sup> (see Exhibit 14). The growth in enrolments was the second highest in the GCC. Primary and secondary schools accounted for more than 70% of the total enrolments in the year. However, enrolments at the tertiary and pre-primary levels grew faster at a CAGR of 9.1% and 7.2%, respectively, during the five-year period. Primary schools reported the highest GER of 106.7% in 2014, whereas that for the tertiary education segment was the lowest at 22.0%.

<sup>26</sup> Source: "UAE approves budget cut for 2016", The Big 5 Hub, October 26, 2015

<sup>27</sup> Source: UNESCO

<sup>28</sup> Source: Federal Competitiveness and Statistics Authority (FCSA) of the UAE

**Exhibit 14: Student Enrolments in the UAE, by Segments**

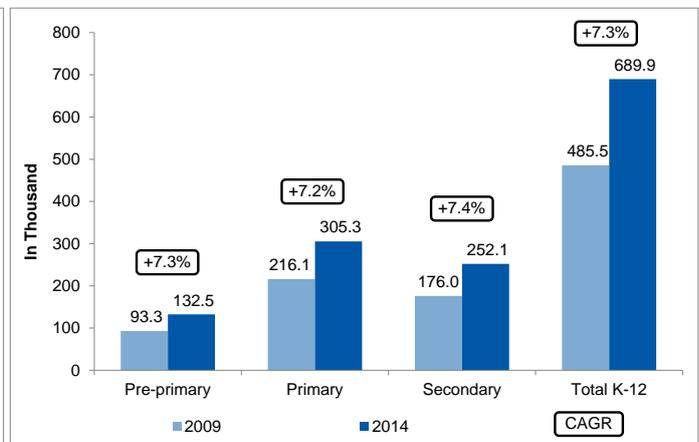
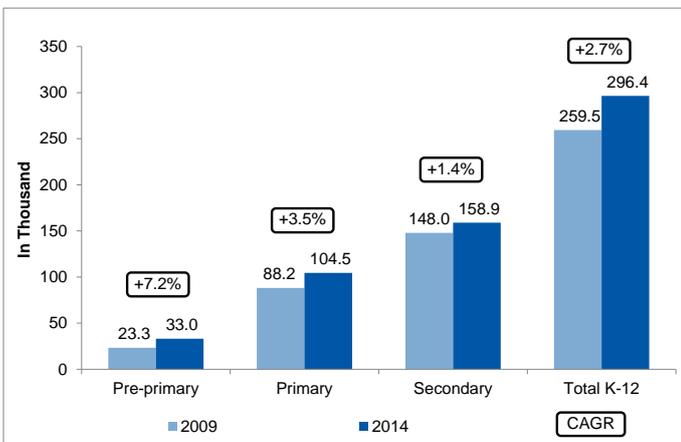


Source: UNESCO

**Private sector dominates the country's K-12 education landscape, having contributed more than two-third of the total enrolments in 2014**

Private sector dominates the country's K-12 education landscape, having contributed more than two-third of the total enrolments in 2014<sup>29</sup>. The number of students attending private schools across the K-12 education system increased by above 7% annually between 2009 and 2014, faster than that at the primary and secondary public schools (see Exhibits 15 and 16). An open economy, favorable investment climate, and a large base of expatriates have led to the setting-up of a large number of private international as well as community schools in the UAE. The country has the largest number of English-medium international schools in the world and a growing preference for international curricula among both expatriates as well as nationals<sup>30</sup>.

**Exhibit 15: Student Enrolments in the UAE Public Schools**    **Exhibit 16: Student Enrolments in the UAE Private Schools**



Source: UNESCO

Source: UNESCO

<sup>29</sup> Source: UNESCO

<sup>30</sup> Source: "The UAE has the highest number of international schools globally", Gulf News, August 16, 2015



***Enrolments at tertiary education institutes in the UAE grew 9.1% annually from 2009 to cross 143,000 students in 2014***

Enrolments at tertiary education institutes in the UAE grew 9.1% annually from 2009 to cross 143,000 students in 2014<sup>31</sup>. This segment is gaining ground as the country recognizes the need to respond to the imbalance in the demand and supply of skilled workforce across industries such as energy and healthcare<sup>32</sup>. In 2014, only about 2% of the students at the secondary education level enrolled for vocational programs compared to the global average of more than 10%<sup>31</sup>. This gap has compelled the local governments to build more vocational colleges and promote skill-based learning. National Institute for Vocational Education and Abu Dhabi Center for Technical and Vocational Education and Training were established in the two largest Emirates, Abu Dhabi and Dubai, respectively, to promote vocational education.

The UAE aims to position itself as an international education hub to attract students from across the globe. Dubai and Abu Dhabi have remained at the forefront of this vision. Together, the two Emirates contributed two-third to the total student enrolments within the K-12 education system in the country in 2013-2014<sup>33</sup>.

### **The Dubai Private School Market**

***The private schools in Dubai generated a revenue of AED 5.4 billion (US\$ 1.5 billion) during the year***

The education market in Dubai is the most sophisticated and competitive within the GCC. With 169 schools educating over 255,200 students in 2014-2015, the private sector accounted for almost 90% of the K-12 students in Dubai<sup>34</sup>. The private schools generated a revenue of AED 5.4 billion (US\$ 1.5 billion<sup>35</sup>) during the year, with annual fees ranging between AED 1,725 to AED 98,649 (~US\$ 470 to US\$ 26,852<sup>35</sup>). In the last five years, the number of schools grew by 2.9% annually, while the number of students increased at a faster pace at 6.9%<sup>36</sup> (see Exhibit 17). The demand for private schools is driven by the larger expatriate community as well as an increase in the number of Emiratis, who are willing to pay a fee to study international curriculum. To cater to a diversified expatriate community, Dubai's private school network provides education across 16 curricula. British curriculum is the most preferred syllabus, with 65 such schools that account for 33% of the total students in private schools. Other major curricula include Indian and American, offered at 31 schools each. Indian curriculum accounted for 31% of the total enrolments, substantially higher than American curriculum that accounted for 18%, perhaps due to its lower fee structure. Technology-based solutions, deployed as part of the country's aim to facilitate smart education, are becoming increasingly popular at the K-12 schools.

<sup>31</sup> Source: UNESCO

<sup>32</sup> Source: "United Arab Emirates Looks to Vocational Education", The New York Times, November 24, 2013

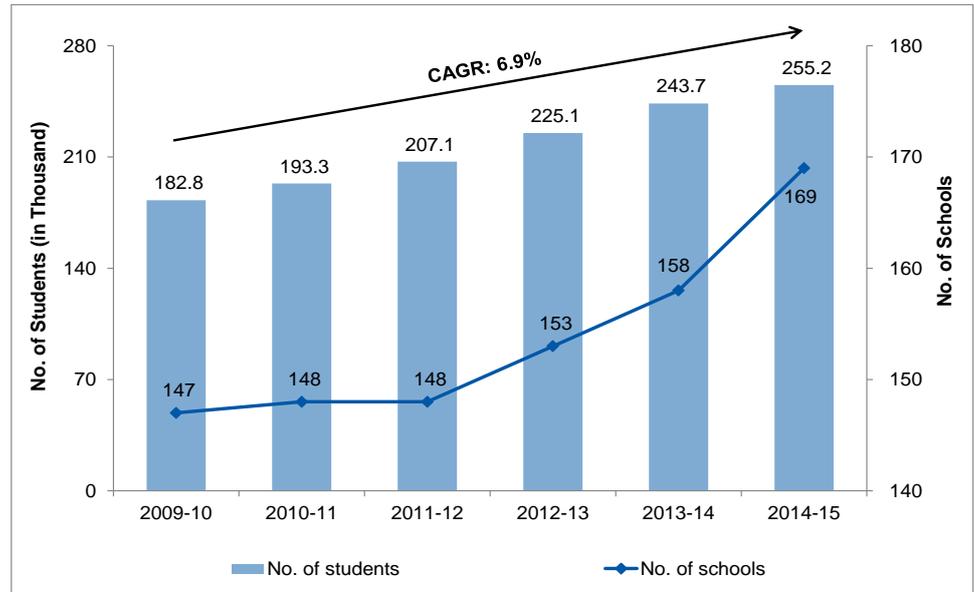
<sup>33</sup> Source: "Education Statistics, 2013 / 2014", FCSA of the UAE

<sup>34</sup> Source: "Private Education in Dubai 2014/15", Knowledge and Human Development Authority (KHDA); FSCA of the UAE

<sup>35</sup> At the average exchange rate during September 2014 to June 2015 (academic year)

<sup>36</sup> Source: KHDA

**Exhibit 17: Private Schools and Student Enrolments in Dubai**



Source: KHDA

### The Abu Dhabi Private School Market

The K-12 education system in the Emirate of Abu Dhabi is also dominated by the private sector, which enrolled more than 60% of the total students in 2014-2015<sup>37</sup>. The number of students attending private schools registered a CAGR of 6.2% over the last five years to over 223,800 in 2014-2015 (see Exhibit 18). During the period, the number of private schools grew marginally from 184 to 188, as the city has closed 72 villa schools since 2010 in line with the regulations imposed by ADEC. Schools were also added to accommodate new enrolments as well as students from the villa schools, thus taking steps to bridge the demand supply gap. The Emirate invested AED 2.3 billion (US\$ 0.6 billion<sup>38</sup>) for opening 45 new schools from 2011-2012 to 2014-2015<sup>39</sup>. Of the 14 curricula offered at the private schools in Abu Dhabi, the American, British, and the syllabus of the education ministry are the most preferred with each accounting for a 23%-24% share of the total student enrolments in 2014-2015.

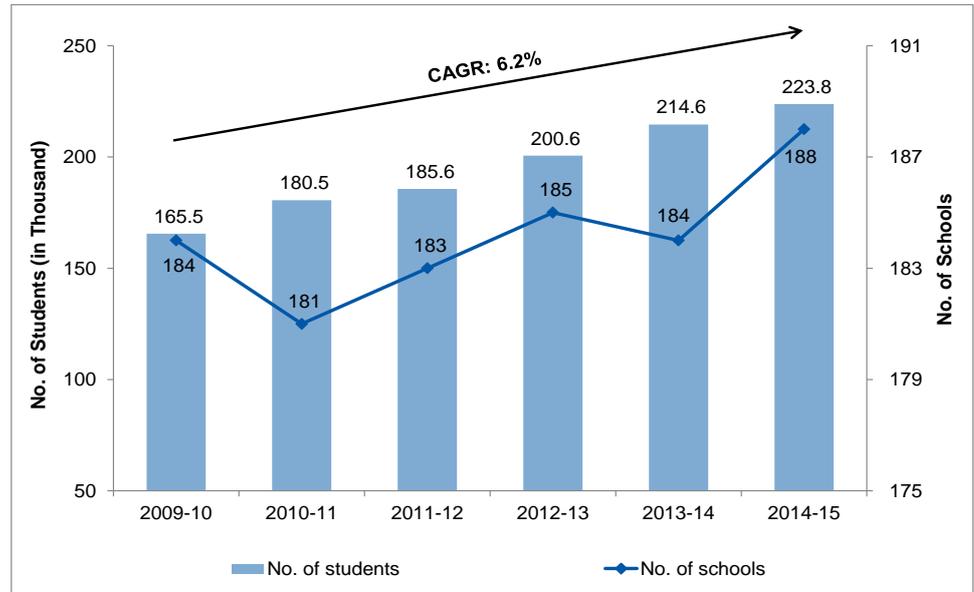
*The number of students attending private schools in Abu Dhabi registered a CAGR of 6.2% over the last five years to over 223,800 in 2014-2015*

<sup>37</sup> Source: Private Schools & Quality Assurance Sector – Annual Reports, Abu Dhabi Education Council (ADEC)

<sup>38</sup> At the exchange rate on November 12, 2015

<sup>39</sup> Source: "Annual Report 2014-2015", Private Schools & Quality Assurance Sector- ADEC

**Exhibit 18: Private Schools and Student Enrolments in Abu Dhabi**



Source: ADEC

**The education system in Oman is receiving impetus from the government's five-year plans and high budget allocation**

### 2.3 The Omani Education Sector

The education system in Oman is receiving impetus from the government's five-year plans and high budget allocation. Reforms such as mandatory ten years of basic education, an increase in the number of school days, encouragement of private higher education institutions, growth of special needs education, and the setting-up of teacher training colleges, among others, have further assisted the development of the country's education landscape. The progress is reflected in an improvement in the adult literacy rate, which reached 94.8% in 2015 from about 81% a decade ago<sup>40</sup>. Despite significant drop in oil prices, the government of Oman has earmarked a generous expenditure of OMR 2.5 billion (US\$ 6.5 billion<sup>41</sup>) for the education sector in 2016<sup>42</sup>. This signifies the country's zeal to upskill its youngsters (those under 25 years of age), who form nearly 37% of the total population<sup>40</sup>. With a young population, there is an increasing focus on attaining high-quality education to understand international business culture and acquire skills to succeed in a globalized market.

Nevertheless, the quality of education in the Sultanate is yet to reach the levels observed within most of the GCC counterparts. There is room for improvement in the areas of English speaking, math and science capabilities, and producing "industry-ready" graduates. Based on the assessment of WEF, in 2015-2016 the country stood at the 88<sup>th</sup> and 106<sup>th</sup> position for quality of primary and higher education (see Exhibit 19)<sup>43</sup>.

<sup>40</sup> Source: UNESCO

<sup>41</sup> At the exchange rate on January 4, 2016

<sup>42</sup> Source: "2016 budget focuses on non-oil income", Oman Daily Observer, January 4, 2016

<sup>43</sup> Source: "The Global Competitiveness Report 2015-2016", WEF

### Exhibit 19: Oman Ranking – Quality of Education

Parameters	Rank (2015-2016)
Quality of primary education	88
Quality of the education system (higher education and training)	106
Quality of math and science education	102
Quality of management schools	128
Internet access in schools	84
Availability of specialized training services	119
Extent of staff training	68

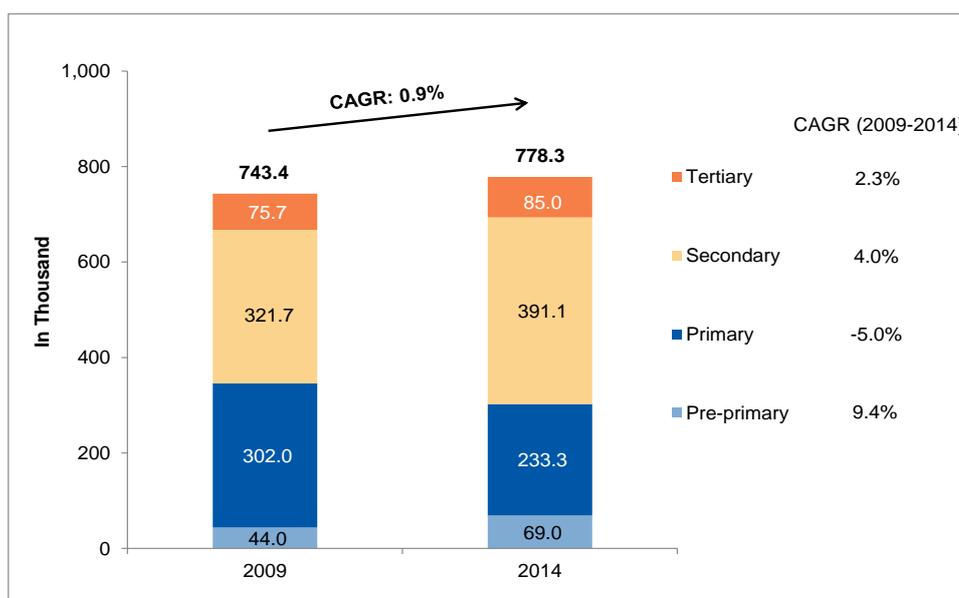
Source: *The Global Competitiveness Report 2015-2016 – WEF*

Note: A group of 140 countries was considered for this assessment

**Oman's education system registered enrolments to the tune of more than 778,000 students**

As of 2014-2015, the Sultanate was home to over 500 private schools, 27 private universities and colleges, 1,048 government schools, a government university, 17 public colleges, and 14 special institutes<sup>44</sup>. The country's education system registered enrolments to the tune of more than 778,000 students (see Exhibit 20), recording an overall GER of 79.2% in 2014<sup>45</sup>. The number of enrolments grew meagerly by ~1% annually in five years to 2014, as the number of students at primary schools dropped. With mandatory basic education from grades 1 to 10, primary and secondary schools registered higher GERs of 110.3% and 135.7%, respectively, in 2014. Nearly 90% of the total students in the country were in the K-12 education system.

### Exhibit 20: Student Enrolments in Oman, by Segments



Source: UNESCO

**Public schools in Oman accounted for nearly 80% of the K-12 enrolments in 2014**

With a larger base of nationals, the public schools in Oman accounted for nearly 80% of the K-12 enrolments in 2014<sup>45</sup>. However, the share of private sector has increased by

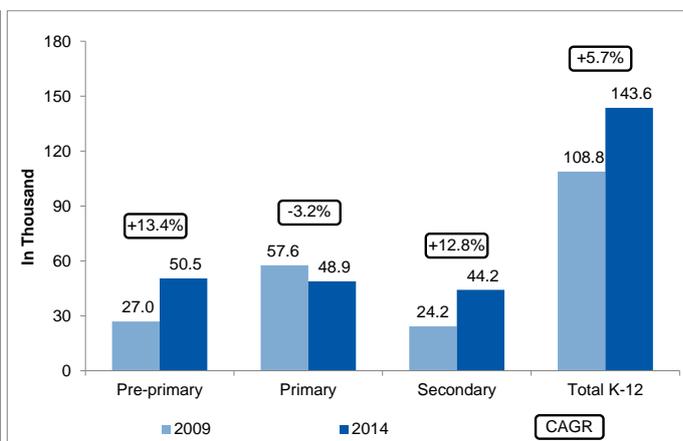
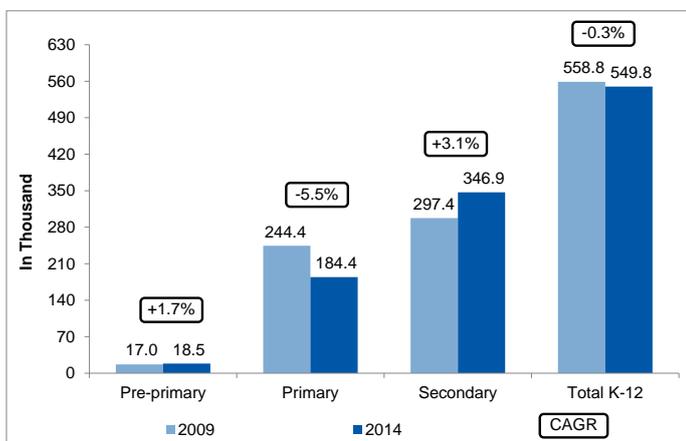
<sup>44</sup> Source: "Statistical Year Book 2015 October", National Centre for Statistics & Information – Oman

<sup>45</sup> Source: UNESCO

more than 4% since 2009. While the number of students in the pre-primary and secondary private schools has grown rapidly between 2009 and 2014, enrolments at these levels in public schools witnessed a slower growth (see Exhibits 21 and 22).

**Exhibit 21: Student Enrolments in Omani Public Schools**

**Exhibit 22: Student Enrolments in Omani Private Schools**



Source: UNESCO

Source: UNESCO

**There were nearly 85,000 students enrolled at the tertiary education segment in Oman in 2014**

The number of students seeking higher education in Oman has been less, despite high enrolments at the secondary schools. There were nearly 85,000 students enrolled at the tertiary education segment in 2014, representing about 24% of the college-age population<sup>46</sup>. The participation is much below that of 60%-70% in the developed countries<sup>47</sup>. In 2013, more than 11,000 students went abroad to pursue high-quality higher education. Such studies are either government-sponsored or self-funded. The government has made substantial investments towards the setting-up of several higher education institutions, with diversified streams and programs, and the establishment of a Quality Assurance Council to boost the higher education segment. Oman has also developed a national TVET strategy to eliminate the gap between the job market requirements and the skills of graduates. The country aims to achieve an enrolment rate of 50% at the higher education level by 2020<sup>47</sup>.

## 2.4 The Kuwaiti Education Sector

**The education sector in Kuwait is undergoing transformation initiated by its Integrated Education Reform Program**

The education sector in Kuwait is undergoing transformation initiated by its Integrated Education Reform Program (2011-2019) focused on improving learning outcomes, developing the curricula, introducing effective teaching and school leadership, and strengthening the effectiveness and accountability of the education system<sup>48</sup>. The Kuwaiti government's expenditure on education affairs and services has grown at an annualized rate of 14.8% in the four years until 2013-2014 to reach KWD 2.6 billion (US\$ 9.0 billion<sup>49</sup>), accounting for 16.2% of the total expenditure<sup>50</sup>. The country has a 96.2% literacy rate among its population aged 15 years and older<sup>46</sup>.

Although the quality of education in Kuwait ranks below that in the neighboring countries, appropriate government reforms are being undertaken to improve it. As per the 2015-2016

<sup>46</sup> Source: UNESCO

<sup>47</sup> Source: "From the field: The study abroad market in Oman", ICEF Monitor, August 4, 2014

<sup>48</sup> Source: "Kuwait Integrated Education Reform Program (IERP), 2011-2019", CIES, March 7, 2016

<sup>49</sup> At the average exchange rate between April 2013 and March 2014

<sup>50</sup> Source: "Government Finance Statistics 2009/2010 - 2013/2014", CBS of Kuwait

Global Competitiveness report, Kuwait's ranking across several parameters related to education and innovation have advanced from previous year's assessment. The quality of higher education and training in the country bagged the 88<sup>th</sup> rank in 2015-2016 (see Exhibit 23), a major improvement from 105 in the previous assessment year.

**Exhibit 23: Kuwait Ranking – Quality of Education**

Parameters	Rank (2015-2016)
Quality of primary education	103
Quality of the education system (higher education and training)	88
Quality of math and science education	99
Quality of management schools	86
Internet access in schools	81
Availability of specialized training services	112
Extent of staff training	84

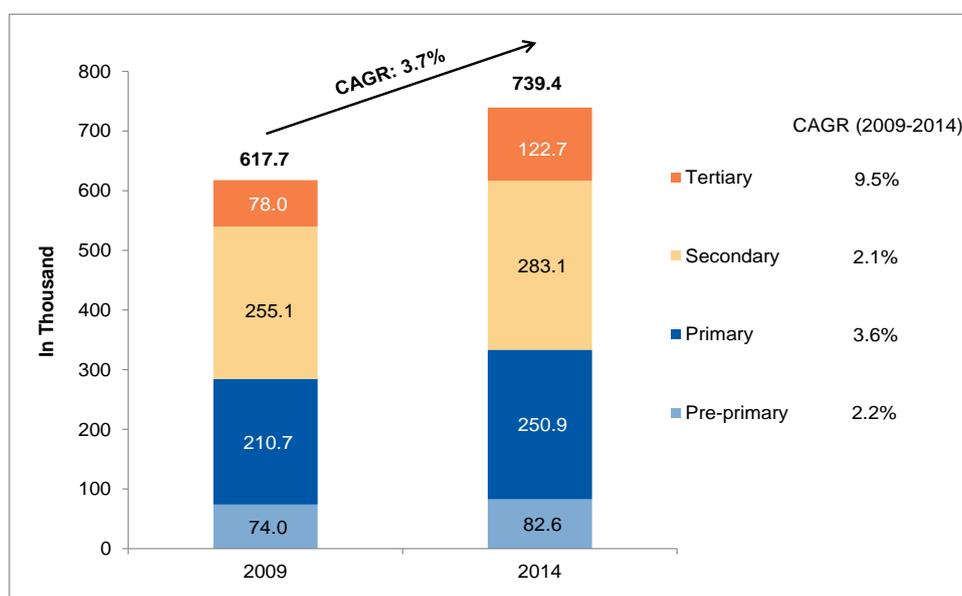
Source: *The Global Competitiveness Report 2015-2016 – WEF*

Note: A group of 140 countries was considered for this assessment

**The nearly 1,300 schools (803 public schools) in Kuwait imparted education to about 616,700 students in 2014**

The nearly 1,300 schools (803 public schools) in Kuwait imparted education to about 616,700 students in 2014<sup>51</sup>. The number of students pursuing higher education at Kuwait University and several private colleges was over 122,700 during the year. Overall, enrolments in Kuwait grew by 3.7% annually between 2009 and 2014 to more than 739,000 (see Exhibit 24). The K-12 education segment accounted for 83.4% of the total enrolments in 2014. Enrolments at the tertiary segment grew by 9.5% during the five-year period compared to 2%-4% growth at other levels of education. The GER at pre-primary schools in the country declined in 2014 compared to that in 2009, as the growth in enrolments was lower than that in the school-age population.

**Exhibit 24: Student Enrolments in Kuwait, by Segments**



Source: *UNESCO, CBS of Kuwait*

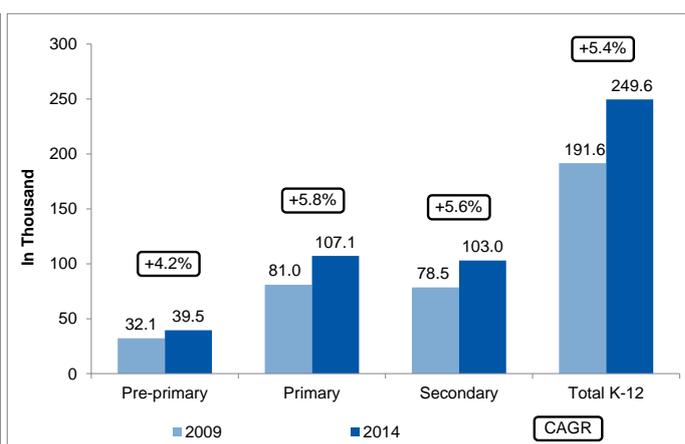
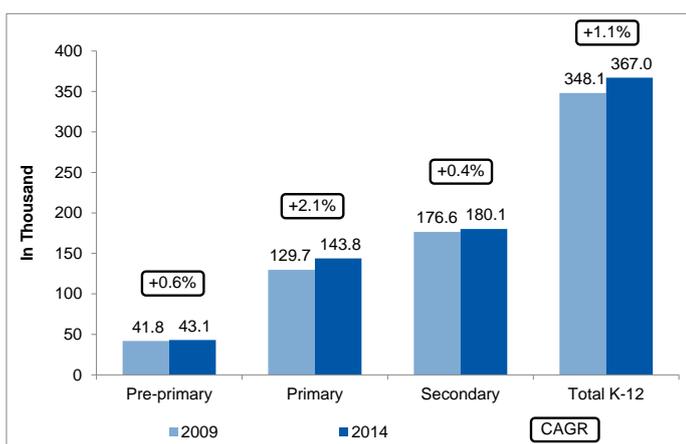
<sup>51</sup> Source: "Statistical Yearbook 2015", "Annual Bulletin of Education Statistics 2015/2014", CBS of Kuwait

**Public schools contributed nearly 60% to the total K-12 enrolments in Kuwait in 2014**

Public schools contributed nearly 60% to the total K-12 enrolments in Kuwait in 2014, commanding a GER of nearly 60% at the primary and secondary education levels<sup>52</sup>. Growth in enrolments at the pre-primary and secondary public schools was modest at less than 1% during 2009 to 2014, while that at the primary level was 2.1% (see Exhibit 25). At the same time, the number of students attending private schools registered a CAGR of more than 4% (see Exhibit 26). The share of private sector in the K-12 enrolments has expanded from 35.5% in 2009 to 40.5% in 2014. Several international schools are establishing their presence in the country to benefit from the demand from expatriate workers as well as nationals, who prefer to send their children to English-medium schools. Western curricula are most popular, followed by schools offering Arabic or bilingual curriculum. Of the total private schools in 2014-2015, over 340 were foreign schools and the remaining were Arabic.

**Exhibit 25: Student Enrolments in Kuwaiti Public Schools**

**Exhibit 26: Student Enrolments in Kuwaiti Private Schools**



Source: UNESCO, CBS of Kuwait

Source: UNESCO, CBS of Kuwait

**Kuwait's tertiary education segment registered a GER of 45.9% in 2014, an increase from 33.4% five years ago**

Kuwait's tertiary education segment registered a GER of 45.9% in 2014, an increase from 33.4% five years ago<sup>52</sup>. Enrolments grew by 9.5% annually for the period, driven by the government's focus on building world-class universities, strengthening access to vocational and higher education, and developing private universities in association with foreign players. With public institutions running at almost full capacity, the need for private colleges in the country is rising. The Kuwaiti government offers overseas education scholarships to local students to help them acquire the skills required by the sectors in which the country is currently facing a dearth of workforce.

**In the last few decades, the Qatari government has introduced several reforms and made substantial investments in the education sector**

**2.5 The Qatari Education Sector**

In the last few decades, the Qatari government has introduced several reforms and made substantial investments in the education sector, with a vision to create a world-class system. The makeover of K-12 and the post-secondary education systems was among the key reforms that helped transform the country's education landscape. Measures targeted at enhancing the K-12 education system include the introduction of independent schools, new curricula, and assessment systems. The post-secondary segment was strengthened by decentralizing academic and administrative structures, improving the standards of

<sup>52</sup> Source: UNESCO, CBS of Kuwait

**Qatar was ranked as 2<sup>nd</sup> for the parameter of quality of higher education and training**

teaching as well as research at the Qatar University, and establishing Education City, which now hosts campuses of several international colleges and universities.

The development of a comprehensive and effective educational system has enabled Qatar to achieve the highest adult literacy within the GCC at 97.8% in 2015<sup>53</sup>. The government has allocated QAR 20.4 billion (US\$ 5.6 billion<sup>54</sup>) for the sector, accounting for 10.1% of the total budgeted expenditure in 2016<sup>55</sup>. A growing young population (more than 30% below 25 years of age<sup>56</sup>), high disposable income, and government support makes the country's education sector an attractive proposition for private investments.

As per the 2015-2016 Global Competitiveness Report by WEF, Qatar was ranked as 2<sup>nd</sup> for the parameter of quality of higher education and training, and 9<sup>th</sup> for quality of primary education (see Exhibit 27). This seems to be supported by the presence of world-renowned universities such as Weill Cornell Medical College, Carnegie Mellon University, University College London, and Virginia Commonwealth University in the country. Qatar performed better than the other GCC nations in the competitiveness parameters for quality of education.

#### Exhibit 27: Qatar Ranking – Quality of Education

Parameters	Rank (2015-2016)
Quality of primary education	9
Quality of the education system (higher education and training)	2
Quality of math and science education	5
Quality of management schools	7
Internet access in schools	18
Availability of specialized training services	17
Extent of staff training	5

Source: *The Global Competitiveness Report 2015-2016 – WEF*

Note: A group of 140 countries was considered for this assessment

**Nearly 840 K-12 schools in Qatar catered to over 243,700 students in 2014**

Nearly 840 K-12 schools in Qatar catered to over 243,700 students in 2014 and accounted for more than 90% of the students at all educational levels<sup>57</sup>. The number of students pursuing higher education crossed 25,000 during the year<sup>53</sup>. Overall student enrolments in the country grew at a CAGR of 7.2% during 2009 to 2014 (see Exhibit 28), registering the highest growth within the GCC. The tertiary segment recorded the fastest growth at 14.0%, while the larger segments – primary and secondary – grew at a moderate pace of about 6%-7%. The GER was high at the primary and secondary education levels at 102.4% and 94.1%, respectively. With education being made mandatory from the age of three years, pre-primary schools in Qatar achieved a GER of 58.5% in 2014.

<sup>53</sup> Source: UNESCO

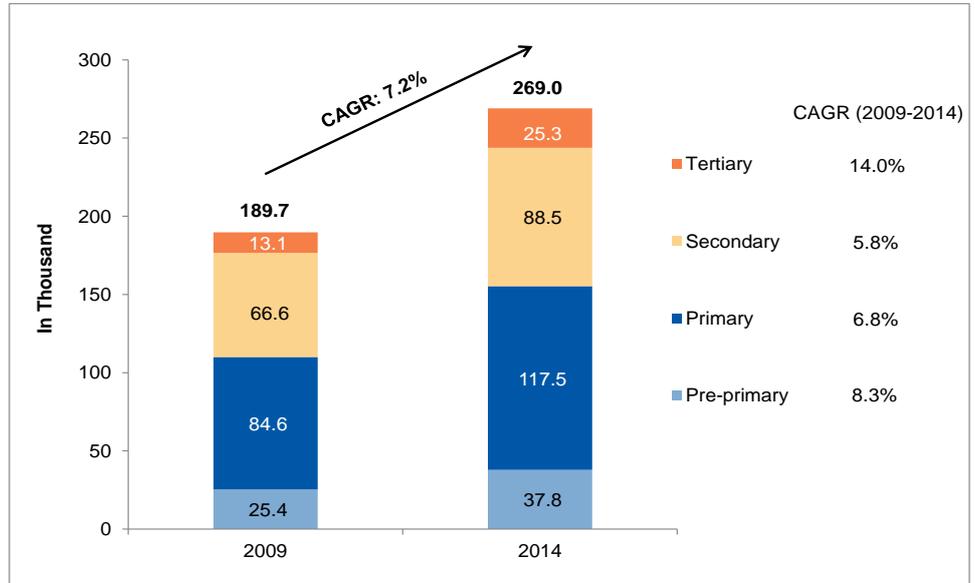
<sup>54</sup> At the exchange rate on December 16, 2015

<sup>55</sup> Source: "Budget Demonstrates Government's Keenness on Sustainable Development - Finance Minister", Qatar News Agency, December 16, 2015

<sup>56</sup> Source: UNPD

<sup>57</sup> Source: "Education Statistics 2013-14", Ministry of Development Planning and Statistics; UNESCO

**Exhibit 28: Student Enrolments in Qatar, by Segments**

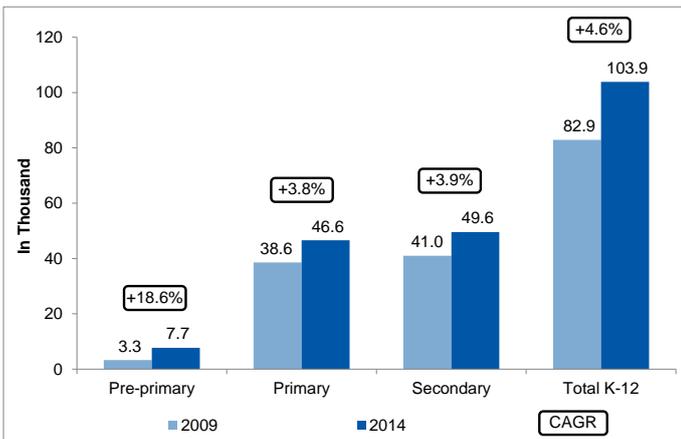


Source: UNESCO

**Of those enrolled at K-12 schools in Qatar in 2014, 139,870 students (57.4%) attended private schools**

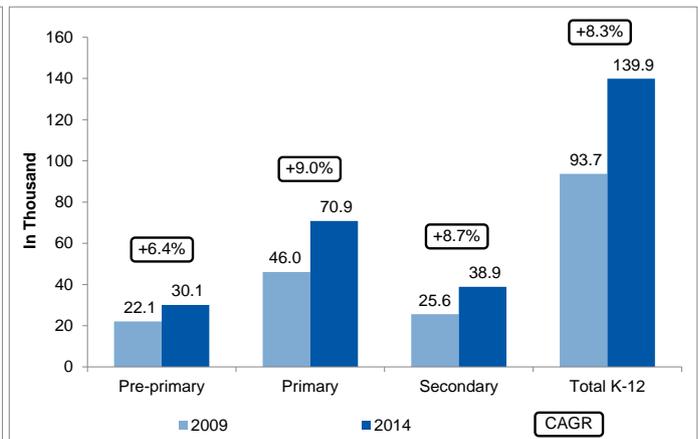
Similar to the UAE, Qatar has a large number of private schools due to its high expatriate population. Of those enrolled at K-12 schools in Qatar in 2014, 139,870 students (57.4%) attended private schools<sup>58</sup>. While private schools contributed to the majority of the enrolments at the pre-primary and primary levels, public schools were popular at the secondary level (see Exhibits 29 and 30). Enrolments at private schools in Qatar across all levels have grown rapidly during 2009 to 2014. Schools in Qatar are classified as independent schools (government-funded), international schools, community schools, and private Arabic schools. Although independent schools account for nearly half of the total schools operational in the country, the number of international schools has increased in the last few years. A growing expatriate community, increasing preference among nationals for international curriculum, and government incentives are enabling growth in the number of international schools.

**Exhibit 29: Student Enrolments in Qatari Public Schools**



Source: UNESCO

**Exhibit 30: Student Enrolments in Qatari Private Schools**



Source: UNESCO

<sup>58</sup> Source: UNESCO



***Tertiary level education is also growing rapidly in Qatar, with student enrolments having nearly doubled between 2009 and 2014***

Tertiary level education is also growing rapidly in Qatar, with student enrolments having nearly doubled between 2009 and 2014<sup>59</sup>. Focus on raising academic standards, introducing vocational and technical education streams, and nurturing a research culture has supported growth in enrolments. However, the GER of 15.8% at the tertiary education segment in Qatar is the lowest in the GCC. Qatar University and the Education City dominate the higher education space in the country. Strengthening TVET segment is one of the focus areas of the country's Education and Training Strategy (2011-2016). The strategic plan to develop the vocational education sector includes setting-up an organizational model and quality assurance system, aligning programs with the needs of the job market, improving perceptions about the TVET programs, and reducing dropout rates.

## ***2.6 The Bahraini Education Sector***

Bahrain, the first country within the GCC to develop public education, has a well-established and liberal education sector. The effectiveness of the education offered at the institutions across the country is reflected in a high adult literacy rate of 95.7% in 2015<sup>59</sup> and the sector's contribution of BHD 543.9 million (US\$ 1,432.6 million<sup>60</sup>) or 4.7% to the real GDP (in 2015)<sup>61</sup>. In a bid to improve employment while meeting the needs of the job market, the government has introduced a series of initiatives in the education sector over the last decade. Some of them include appointing a quality assurance authority, introducing a teacher training program, and improving the upper secondary vocational program. The country is also focusing on adapting e-learning at schools on a large scale. The MoE launched the digital empowerment project in February 2016, with its first phase planning to cover five intermediate schools<sup>62</sup>.

***In the last decade to 2016, the government's allocated budget for the education sector has grown at an annualized rate of 8.0%***

The government has been earmarking large funds to develop the education sector. In the last decade to 2016, the government's allocated budget for the education sector has grown at an annualized rate of 8.0% to BHD 325.7 million (US\$ 858.4 million<sup>63</sup>)<sup>64</sup>. For the current year, the education sector accounts for 8.8% of the total budget. The sector is receiving impetus from a growing pool of expatriates and a young population base (with about 37% of the population below 25 years<sup>65</sup>).

The quality of education in Bahrain has improved across the education and research parameters analyzed by the WEF. In the 2015-2016 Global Competitiveness Report, the country was ranked 38<sup>th</sup> based on the parameter of quality of primary education (see Exhibit 31).

<sup>59</sup> Source: UNESCO

<sup>60</sup> At average exchange rate in 2014

<sup>61</sup> At purchaser's price, Source: "Bulletin of Quarterly National Accounts – Fourth Quarter 2015, Central Informatics Organization – Bahrain

<sup>62</sup> Source: "Minister launches Digital empowerment project", MoE – Bahrain, February 16, 2016

<sup>63</sup> At the exchange rate on July 6, 2015

<sup>64</sup> Source: Budget Files – Ministry of Finance and MoE of Bahrain

<sup>65</sup> Source: UNPD

### Exhibit 31: Bahrain Ranking – Quality of Education

Parameters	Rank (2015-2016)
Quality of primary education	38
Quality of the education system (higher education and training)	26
Quality of math and science education	42
Quality of management schools	43
Internet access in schools	34
Availability of specialized training services	31
Extent of staff training	22

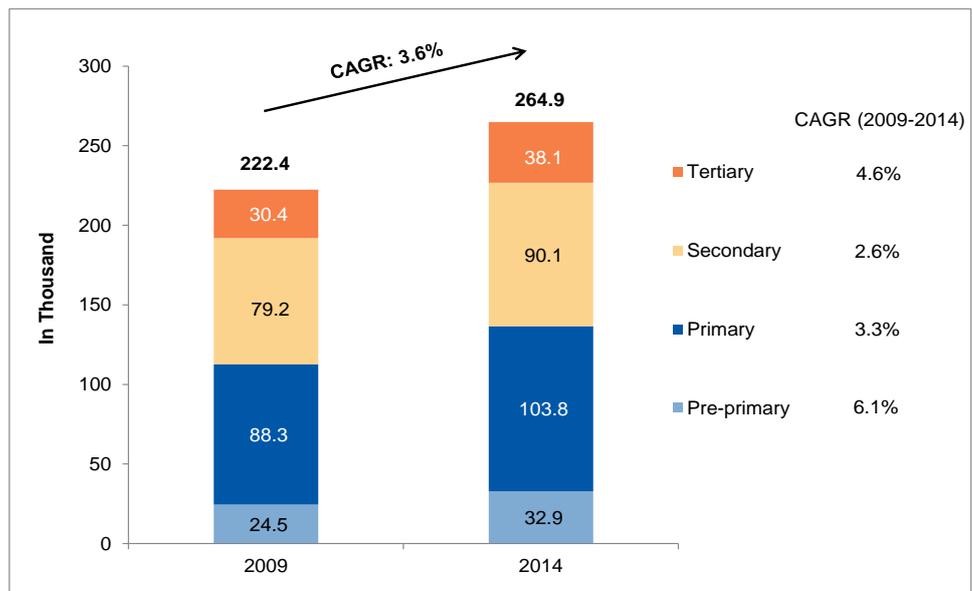
Source: *The Global Competitiveness Report 2015-2016 – WEF*

Note: A group of 140 countries was considered for this assessment

### Bahrain enrolled nearly 264,900 students across levels of education in 2014

In 2013-2014, the country had 206 government schools, 73 private schools, nearly 150 nurseries and kindergartens (run by the private sector), and 16 public and private universities in total<sup>66</sup>. The country enrolled nearly 264,900 students across levels of education in 2014<sup>67</sup> (see Exhibit 32). With an expanding population base and a compulsory basic education from 6 to 14 years of age, the number of K-12 student enrolments in Bahrain has grown by 3.4% annually to cross 226,700 in 2014, accounting for over 85% of the total. The overall GER stood at 71.6% in the year, with the ratio at the primary and secondary schools at above 90% while that at the pre-primary and tertiary levels much lower at 55.2% and 36.8%, respectively.

### Exhibit 32: Student Enrolments in Bahrain, by Segments



Source: UNESCO

<sup>66</sup> Source: Bahrain MoE and "Economic Yearbook 2013, Bahrain Economic Development Fund

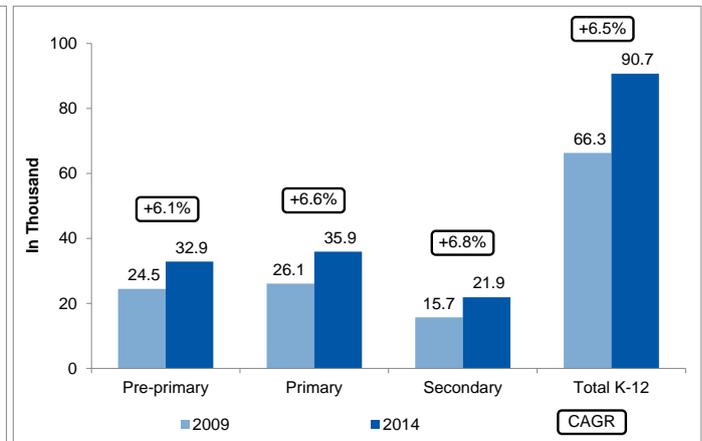
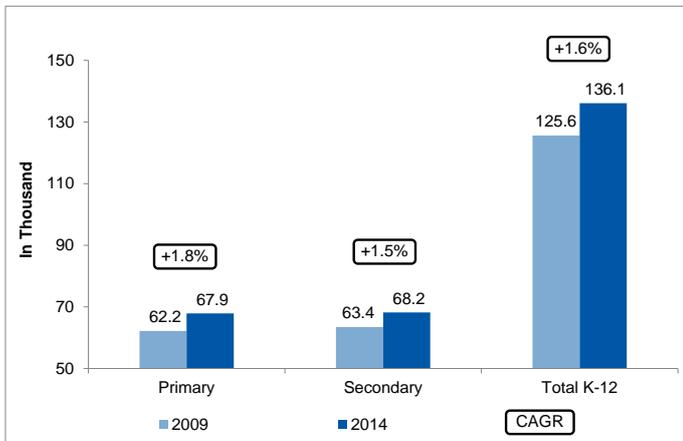
<sup>67</sup> Source: UNESCO



**Enrolments at private schools grew at a faster pace of more than 6% between 2009 and 2014**

Pre-primary education in Bahrain is provided only by the private sector, which recorded enrolments of nearly 33,000 students in 2014<sup>68</sup>. Enrolments at the other K-12 levels are dominated by the public sector, with GERs of above 60%. However, enrolments at private schools grew at a faster pace of more than 6% between 2009 and 2014 compared to less than 2% at public schools (see Exhibits 33 and 34). Like in other GCC countries, private international schools in Bahrain are also gaining popularity.

**Exhibit 33: Student Enrolments in Bahraini Public Schools**    **Exhibit 34: Student Enrolments in Bahraini Private Schools**



Source: UNESCO

Source: UNESCO

**Tertiary education accounted for 14.4% of the total student enrolments in Bahrain in 2014**

Tertiary education accounted for 14.4% of the total student enrolments in Bahrain in 2014<sup>68</sup>. Although the share of total enrolments is low, the GER at higher education institutes has increased since 2009. The growth in enrolments is attributed to the accelerated government reforms in the segment. The Higher Education Council has drawn up a National Higher Education Strategy (2014-2024), which focuses on improving the quality of education, aligning the skills to address the gap between higher education and the job market, enhancing linkages between higher education and vocational education, providing smart education, developing entrepreneurial capabilities, and making the country a regional hub of private higher education<sup>69</sup>.

<sup>68</sup> Source: UNESCO

<sup>69</sup> Source: "National Higher Education Strategy", Higher Education Council

## 3. The GCC Education Industry Outlook

### 3.1 Forecasting Methodology

We have forecasted the total number of students and demand for schools in all the GCC countries through 2020. The projections are based on the past trend in enrolments, anticipated change in school and college age population, and government plans and measures announced in support of the sector.

The sources considered for the forecasts are:

- The UNESCO, World Bank Education Statistics, and the respective country's statistical or ministry websites, for historic data on enrolments and school- and college-age population and
- The UNPD, for forecasting the school and college age population (last updated in July 2015)

The methodology adopted for projecting the number of students and schools is as below:

- We have forecasted the total number of students in each of the education segments – pre-primary, primary, secondary, and tertiary – for all the constituent countries. The forecasts are driven as a function of the expected GER, and school and college age population under each segment.
- Projections of the number of schools in each country are arrived at by dividing the forecasted number of students by the existing average number of students per school in the private and public institutions.

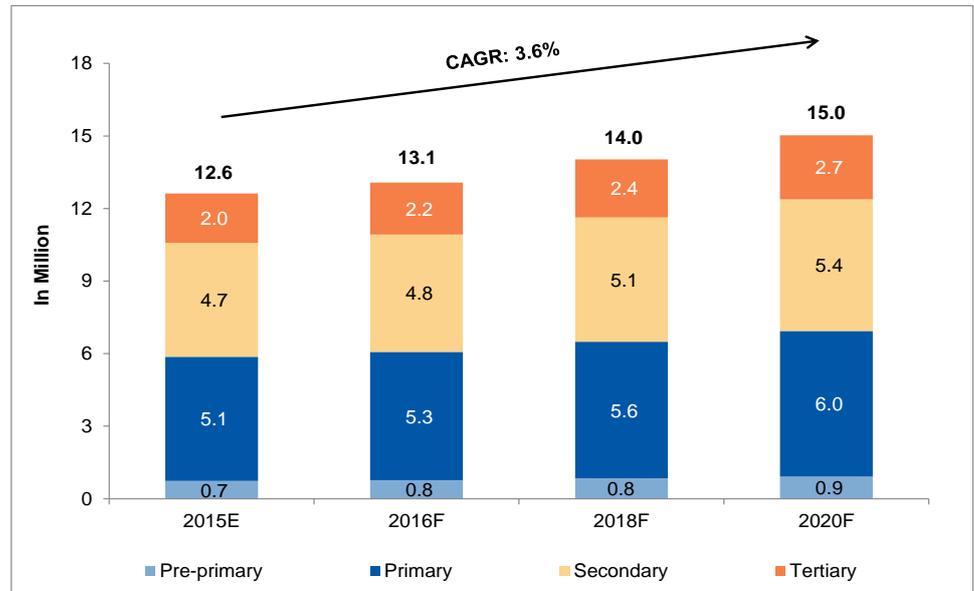
Note: The historic data on the student population provided by the UNESCO has been revised in December 2015. Consequently, the current projections are not comparable with the Alpen Capital's GCC Education Industry report dated July 02, 2014.

### 3.2 Outlook for the Number of Students

***The number of students in the GCC is projected to reach 15.0 million in 2020, registering a CAGR of 3.6% from an estimated 12.6 million in 2015***

The total number of students in the GCC education sector is projected to reach 15.0 million in 2020, registering a CAGR of 3.6% from an estimated 12.6 million in 2015 (see Exhibit 35). An expanding base of school and college age population and increase in the GER across the education segments is likely to drive the growth. During the forecast period, the number of students in the pre-primary and tertiary segments is anticipated to increase faster than that in the other segments. Enrolments in the pre-primary segment are likely to grow at an annual average of 4.5% during the period because of the rising awareness of pre-primary education and increased capacity. At the same time, the number of students in the tertiary segment is projected to grow at an annualized 5.5%. This growth is primarily attributable to several government initiatives for developing the higher education landscape. Although the pre-primary and tertiary segments share of total enrolments is anticipated to rise, the primary and secondary segments are expected to continue accounting for over three-fourth of the enrolments in 2020 to reach 11.5 million.

**Exhibit 35: Forecast of Total No. of Students in the GCC, by Segments**



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

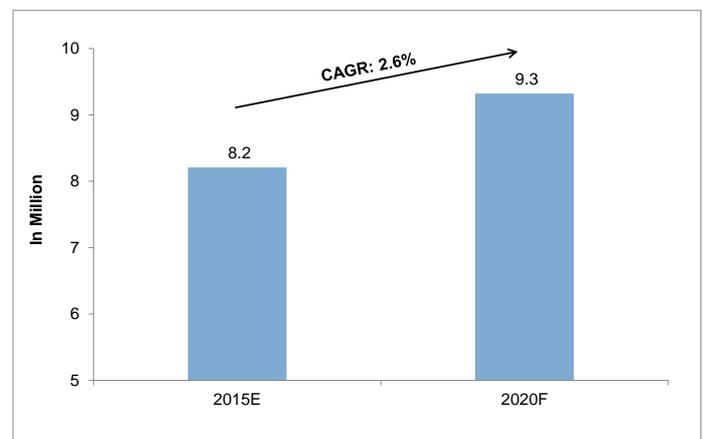
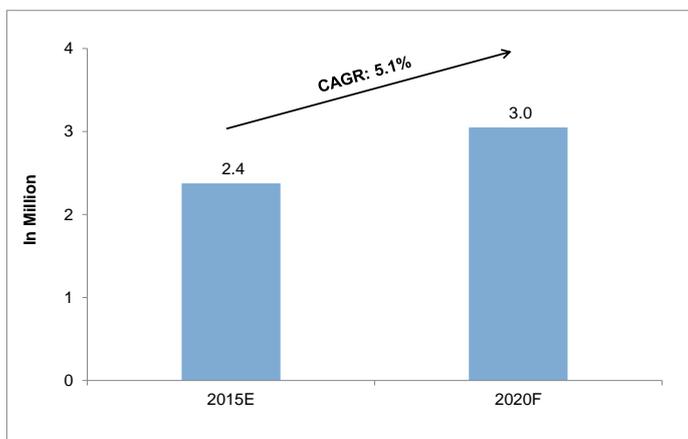
**K-12 Students: Private vs. Public Institutes**

**The number of students at private schools is projected to cross 3.0 million in 2020, displaying a 5.1% CAGR from 2015**

During the forecasted period, the K-12 enrolments in the region are expected to grow by 3.2% annually to reach 12.4 million in 2020. The number of students at private schools is projected to cross 3.0 million in 2020, displaying a 5.1% CAGR from 2015 (see Exhibit 36). An increasing preference for international schools across the GCC nations coupled with the opening of several private schools is likely to aid the growth. Enrolments at public schools are anticipated to increase at an annual average of 2.6% to 9.3 million (see Exhibit 37). Despite the slower growth, the public sector is expected to continue dominate the K-12 education landscape, holding more than 75% of the enrolments in 2020.

**Exhibit 36: Forecast of K-12 Students in Private Institutes**

**Exhibit 37: Forecast of K-12 Students in Public Institutes**



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

Source: Alpen Capital

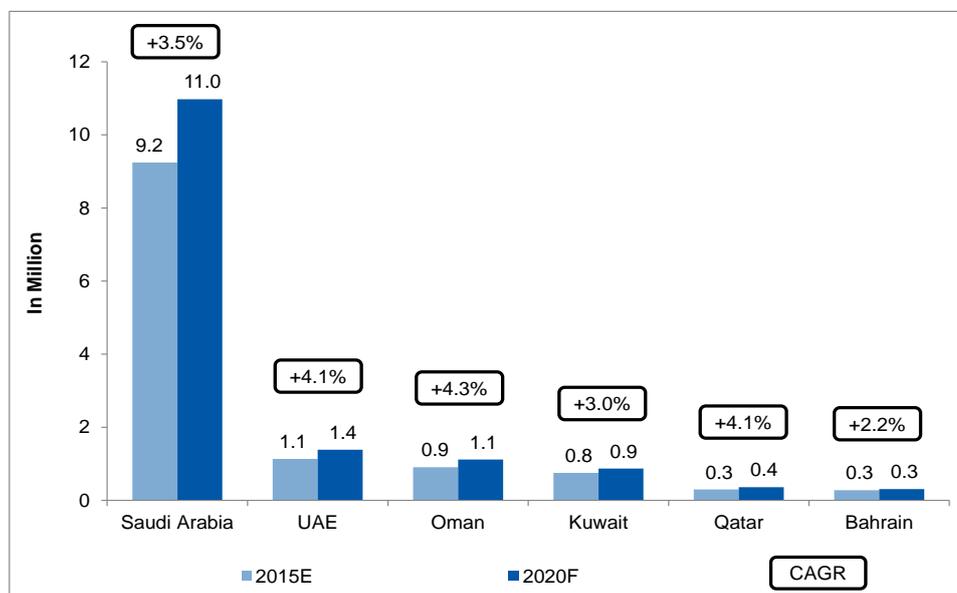
Note: E – Estimated, F – Forecasted

**In terms of annualized growth during 2015 to 2020, the number of students in Oman, Qatar, and the UAE are projected to grow faster**

### Total Students: Country-Wise

Saudi Arabia would continue to dominate the education market in the GCC by 2020. In terms of annualized growth during 2015 to 2020, the number of students in Oman, Qatar, and the UAE are projected to grow faster than the other member nations (see Exhibit 38).

**Exhibit 38: Forecast of Total No. of Students in the GCC (CAGR: 2015E – 2020F)**



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

**From an estimated 9.2 million in 2015, the number of students in Saudi Arabia is projected to grow at an annualized rate of 3.5% to 11.0 million in 2020**

### Saudi Arabia

From an estimated 9.2 million in 2015, the total number of students in Saudi Arabia is projected to grow at an annualized rate of 3.5% to 11.0 million in 2020. Within the country's education segments, the number of pre-primary students is expected to rise at a faster CAGR of 6.6%, mainly driven by the government's plan to add several new kindergartens in the coming years. Students in the tertiary segment are also expected to increase at a 6.0% annual average during the forecasted period. The primary and secondary education segments are likely to grow by nearly 3% each. The number of students in the country's public schools is likely to grow at a 2.6% CAGR, while that in the private schools is expected to rise by 5.4% annually.

The Saudi government's effort to privatize the sector coupled with the growing popularity of international schools is attracting private investments in the sector. Additionally, the government has laid down new development plans to cater to the growing demand for education in the country. In the next five years, the MoE plans to open 1,500 new kindergartens<sup>70</sup>. The tertiary segment is also receiving impetus from the government's plans to build three new universities, several college campuses, 67 technical colleges and 100 colleges of excellence over the next few years<sup>71</sup>.

<sup>70</sup> Source: "1,500 new kindergartens to be opened", Arab News, July 19, 2014

<sup>71</sup> Source: "Saudi Arabia's 2015 Budget Maintains Strong Spending, Diversification Initiatives", U.S.-Saudi Arabian Business Council; "Thousands of applicants for Colleges of Excellence", Arab News, March 15, 2015; "TVTC to open 67 colleges in 4 years", Arab News, December 28, 2014

*The number of students in the UAE is projected to grow at an annualized rate of 4.1% to 1.4 million in 2020*

*The number of students in Oman is expected to surpass 1.1 million in 2020*

*The number of students in Kuwait is likely to grow at an annual average of 3.0% from 2015 to 2020*

## UAE

The total number of students in the UAE is projected to grow at an annualized rate of 4.1%, from an estimated 1.1 million in 2015 to 1.4 million in 2020. A faster growth compared to the GCC average is attributed to robust increase in the primary and tertiary education segments, facilitated by increasing number of private schools in view of the rising demand and government's focus on higher education. The number of students in the country's private schools is anticipated to rise at an annualized rate of 4.3% during the five-year period, much faster than nearly 2% for public schools.

The major Emirates of the UAE are buoyant with robust capacity addition plans. As per the KHDA, the number of schools in Dubai is projected to reach 250 by 2020, with student enrolments of 400,000<sup>72</sup>. Nearly 20 private schools are expected to open in the academic year 2016-2017, highest ever in the city in a year<sup>73</sup>. This may create an oversupply situation in the world's largest international school market. Abu Dhabi is likely to witness addition of 17 private schools by 2018<sup>74</sup>. As per the master plan of the Private Schools & Quality Assurance Sector, enrolments at private schools in Abu Dhabi are projected to reach around 283,800 in 2020-2021<sup>75</sup>.

## Oman

The total number of students in Oman is expected to surpass 1.1 million in 2020, registering a CAGR of 4.3% from 2015. Growth in enrolments is mainly driven by a rapidly increasing school-age population, particularly those in the age group of 6 to 18 years. Consequently, the public as well as private schools in the country are likely to register the fastest growth in the number of students within the GCC.

The Sultanate's education sector is receiving thrust from a rapidly growing school age population and the parent's willingness to send their children to high quality international schools. In view of the demand, existing schools are expanding their onsite capacity as well as geographical footprint. Some of the providers adding capacity include Indian School Darsait, Indian School Ma'abela, and Indian School Seeb<sup>76</sup>. The government has allocated substantial funds to improve the quality of learning, manpower training, and research and development under the 9th five-year plan (2016-2020).

## Kuwait

The total number of students in Kuwait is likely to grow at an annual average of 3.0% from 2015 to reach over 873,000 in 2020. The highest growth is expected in the primary segment, driven by an expanding population base in the 6 to 12 years age group. Private school enrolments are likely to grow by 5.4% annually from 2015 to over 335,700 in 2020. A sturdy increase in students at private schools is likely to result in the sector accounting for over 45% of the K-12 enrolments in 2020.

The government of Kuwait has been in the forefront of reforming its education sector by developing plans in association with the World Bank. The government also has initiated a Schools Development Program to build five kindergartens and four schools through the public private partnership model<sup>77</sup>. As the Kuwait University is running at full capacity and

<sup>72</sup> Source: "80 new private schools in Dubai by 2020", The National, September 23, 2014

<sup>73</sup> Source: "Dubai to add 15 to 20 new private schools in 2016/2017", Gulf Business, March 13, 2016

<sup>74</sup> Source: "Seventeen schools to open in Abu Dhabi by 2018", The National, March 14, 2016

<sup>75</sup> Source: "Annual Report 2014-2015", Private Schools & Quality Assurance Sector- ADEC

<sup>76</sup> Source: "More than 3,000 children allotted seats in Indian schools in Muscat", Muscat Daily, March 20, 2016

<sup>77</sup> Source: "Request for Proposals Announcement for The Kuwait Schools PPP Development Program", Kuwait Authority for Partnership Projects

*The number of students in the Qatari education sector is projected to grow by more than 65,000 students in the next five years*

*Student enrolments in Bahrain are anticipated to grow at an annual average of 2.2% from 2015 to 2020*

*The number of schools in the GCC region is likely to increase at a 3.0% CAGR from an estimated 43,903 in 2015 to 50,978 in 2020*

demand for higher education is rising, the government is building a new university in Sabah Al-Salem University City that is likely to complete by end-2020<sup>78</sup>.

#### **Qatar**

The total number of students in the Qatari education sector is projected to grow by more than 65,000 students in the next five years to over 363,600 in 2020, translating into a CAGR of 4.1%. The tertiary segment is expected to witness substantial growth in enrolments annually, mainly due to the government's emphasis on boosting the GER within the segment. During the forecasted period, the private sector is expected to continue to account for a larger share of the K-12 enrolments in Qatar. The number of students in the private sector is anticipated to grow swiftly compared to that in public schools.

The budget allotted for the education sector in 2016 is likely to be spent on the construction of six kindergartens, 18 new schools, and the expansion of Education City and Qatar University<sup>79</sup>. In the 2015 budget, the government had allocated funds for construction of 85 schools. Opening of such schools is likely to bolster the country's education sector. In the tertiary segment, the government aims to substantially increase the gross tertiary enrolment ratio to at least 30% for men and 56% for women<sup>80</sup>. The government plans to attain the same by providing education opportunities to students who are not able to secure admission in universities.

#### **Bahrain**

The total student enrolments in Bahrain are anticipated to grow at an annual average of 2.2% from 2015 to nearly 310,000 students in 2020. The primary and tertiary segments are expected to drive the industry growth. Although the public school enrolments in the country are projected to continue to dominate the K-12 space with 149,000 in 2020, the growth is expected to be lower than that in the private sector.

Compared to other GCC nations, Bahrain is likely to witness a slower growth in enrolments driven by increasing population. The government's focus on integrating technology in educational institutions and strategic plans to foster higher education segment is lending further support.

### **3.3 Outlook on the Demand for Schools**

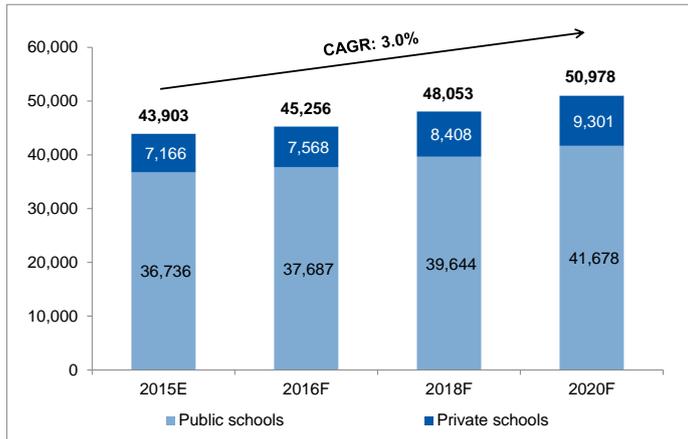
The demand for schools in the GCC region is likely to increase at a 3.0% CAGR from an estimated 43,903 in 2015 to 50,978 in 2020 (see Exhibit 39). This signifies a requirement of more than 7,000 schools in the next five years supported by ongoing robust plans to open new schools in view of growing population. Most of the demand is anticipated in Saudi Arabia, which is expected to continue accounting for the highest number of schools in the GCC by 2020 (see Exhibit 40). The overall composition of schools by country is likely to remain broadly unchanged during the period. While the demand for public schools in the GCC is expected to increase at an annual average of 2.6%, that for the private schools is anticipated to rise at a faster rate of 5.4% during the forecast period.

<sup>78</sup> Source: "KU upbeat on Shaddadiya university despite delays – Completion date pushed to 2020", Kuwait Times, May 31, 2014

<sup>79</sup> Source: "Spending slashed as Qatar prepares to run QR46.5 billion deficit", Doha News, December 17, 2015

<sup>80</sup> Source: Qatar National Development Strategy (2011-2016)

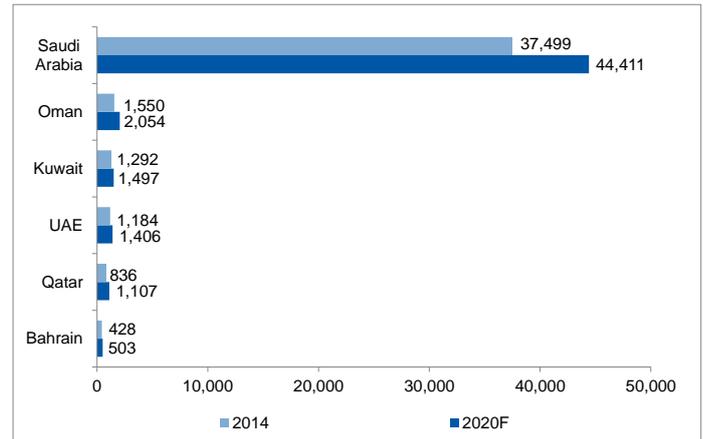
**Exhibit 39: Forecast of Demand for Schools in the GCC**



Source: Alpen Capital

Note: E – Estimated, F – Forecasted

**Exhibit 40: Country-wise Demand for Schools**



Source: Alpen Capital

Note: F – Forecasted

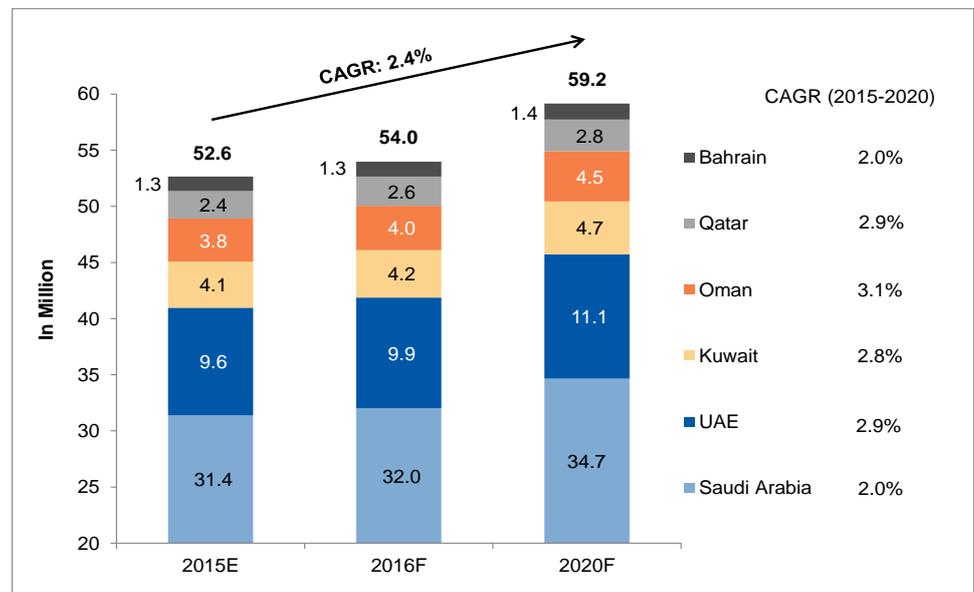
## 4. Growth Drivers

### Encouraging Demographics

**The population is projected to reach close to 60 million in 2020, of which, the number of people below 25 years of age is likely to surpass 22 million**

The major driver of demand for education in the GCC region is its population growth rate and structure. An influx of expatriates, who are attracted to the region for employment, coupled with an improvement in the life expectancy and birth rate of the nationals has expanded the population base rapidly. The region's population has grown at an annualized rate of 3.1% to cross an estimated 52.6 million in 2015 (see Exhibit 41) from over 45 million, five years ago<sup>81</sup>. Almost 40% of the population is below 25 years of age, with about 9% below four years of age and above 30% in the age group of 5 to 24 years<sup>82</sup>. The population is projected to reach close to 60 million in 2020, of which, the number of people below 25 years of age is likely to surpass 22 million<sup>83</sup>. A large and increasing base of school and college going population is fostering the demand for education in the GCC. Further, a diversified expatriate community is increasing the demand for international curricula, thus attracting several international schools and colleges to the region.

**Exhibit 41: GCC Population Forecast**



Source: IMF

Note: E – Estimated, F – Forecasted

### High Per Capita Income

**Large hydrocarbon reserves and a growing non-oil sector have placed the GCC nations among the wealthiest in the world**

Large hydrocarbon reserves and a growing non-oil sector have placed the GCC nations among the wealthiest in the world. Although the recent fall in oil prices have reduced the revenue of the member countries, it is unlikely to be a long-term phenomenon. Large foreign exchange reserves, diversification strategy to increase non-oil based revenue, and fiscal measures such as proposal to implement value-added tax are likely to support the government spending.

<sup>81</sup> Source: "World Economic Outlook Database", IMF, October 2015

<sup>82</sup> Source: UNPD

<sup>83</sup> Source: UNPD, IMF, Alpen Capital

***The GCC population displays a strong ability and willingness to spend on quality education at international schools***

The average per capita income (at current prices) in the region, estimated at US\$ 26,165 in 2015, is projected to grow ~4% annually to US\$ 31,754 in 2020<sup>84</sup>. Qatar was ranked as the wealthiest nation in the world in 2015, with Kuwait and the UAE also featuring among the top ten<sup>85</sup>. A high personal income level alongside a tax-free environment has resulted in additional disposable income among the GCC population. Moreover, the nationals enjoy benefits such as free healthcare and education at public facilities, among others. Consequently, the GCC population displays a strong ability and willingness to spend on quality education at international schools, translating into a huge opportunity for the private players.

### **Government Strategies to Strengthen the Education System**

Focus on the education sector across the GCC nations has been increasing, in terms of budget allocations and long-term development strategies or five-year plans. This is not only strengthening the local education system but also presenting opportunities for international schools and universities.

***In May 2014, the King of Saudi Arabia sanctioned a US\$ 21.3 billion five-year plan to develop the country's education sector***

The Saudi Arabian government has been restructuring the public education system through its US\$ 2.4 billion project – King Abdullah Bin Abdul-Aziz Public Education Development Project (Tatweer) – launched in 2008. The project is focused on developing the curriculum, introducing new teacher training programs, delivering digital education, and strengthening personal and creative capabilities of the students. Tatweer Company for Educational Services, established to execute the Tatweer project, has initiated a Math and Science Teacher Development Program in collaboration with Pearson – a learning company – to train teachers and improve learning outcomes<sup>86</sup>. In May 2014, the King of Saudi Arabia sanctioned a US\$ 21.3 billion five-year plan to develop the country's education sector<sup>87</sup>, in addition to the funds provided to the education ministry as part of the annual budget. The plan includes constructing 1,500 nurseries, providing training to about 25,000 teachers, and establishing educational centers as well as other related projects. The Kingdom has also been spending on higher education development, with about US\$ 57 billion invested in various education initiatives and the construction of more than 80 vocational colleges<sup>88</sup>.

***The UAE's MoE has developed a ten-year strategy aimed at improving student outcomes and school life, and providing access to affordable and high-quality education, among others***

The UAE's MoE has developed a ten-year strategy (2010-2020) aimed at improving student outcomes and school life, providing access to affordable and high-quality education, promoting national identity, and ensuring administrative effectiveness<sup>89</sup>. The country is also at the forefront of providing smart education through a digital education initiative. In 2012, the government launched a US\$ 272 million Mohammed Bin Rashid Initiative for Smart Learning<sup>90</sup>. The project is set to introduce smart classes across all schools and facilitate a modern learning environment by providing tablets and high-speed 4G networks by 2017<sup>91</sup>. Within two years of its implementation, the program has covered 800 classrooms across 146 schools<sup>92</sup>. The ministry is also planning to revamp the

<sup>84</sup> Source: "World Economic Outlook Database – October 2015", IMF; Alpen Capital

<sup>85</sup> Based on GDP per capita based on PPP; Source: "The Richest Countries In The World", Worldatlas.com, March 4, 2016

<sup>86</sup> Source: "Tatweer project to boost maths and science teaching standards in KSA", Arab News, January 22, 2014

<sup>87</sup> Source: "Saudi Arabia approves \$21 bln five-year education plan –SPA", Reuters, May 19, 2014

<sup>88</sup> Source: "Saudi's education strategy aligned with innovation agenda", Gulf News, April 29, 2015

<sup>89</sup> Source: "The Ministry of Education Strategy 2010 – 2020", Ministry of Education of the UAE

<sup>90</sup> Source: "Sheikh Mohammed announces \$272m UAE 'smart learning' initiative", Arabian Gazette, April 10, 2012

<sup>91</sup> Source: "Dh9.8bn boost for UAE education", The National, January 6, 2014

<sup>92</sup> Source: "Mohammed bin Rashid Smart Learning Programme expands to 146 schools", The National, October 1, 2014

curriculum by 2018 by making changes to the textbooks and digital content used at public schools, in line with its focus on encouraging innovation and entrepreneurship<sup>93</sup>.

In addition to the national plans, ADEC is spearheading the transformation of the K-12 schools under its 10-year strategic plan formulated in June 2009. It aims to enhance school quality, improve access to schools, and offer affordable high-quality private education, in addition to several other measures. As part of the transformation, the authority has developed a new school model focusing on new curriculum, a student-centric learning approach, and a technology-enabled learning environment. The model is anticipated to be fully implemented across grades by 2016. KHDA, the authority overseeing the Dubai education market, introduced a unified UAE School Inspection Framework in 2015. During the year, the authority also introduced several smart learning services aligned to the national agenda. KHDA plans to launch additional initiatives in 2016 to raise the quality of education at private schools in Dubai.

***Qatar's National Development Strategy 2011–2016 has recognized education as an important aspect to meet the goals of its National Vision 2030***

Qatar's National Development Strategy (QNDS) 2011–2016 has recognized education as an important aspect to meet the goals of its National Vision 2030. As a part of QNDS, the education and training sector strategy has outlined 21 desired outcomes supported by 31 projects to be implemented during the period across all the education segments. In its last year of implementation, the strategy also focuses on identifying the challenges in the demand and supply of quality education and aligning the qualifications of graduates with the employment needs. Some of the initiatives undertaken within the higher education segment include the expansion of the Qatar Foundation campus, restructuring of the Qatar University, establishing a new community college, and announcing additional vocational and technical education streams. The 2016 budget allocation to the education sector includes investments in the construction of 18 new schools and six kindergartens, and the expansion of Education City and Qatar University during the year<sup>94</sup>. In 2015, the government had announced the construction of 85 schools.

***The Kuwaiti government has been constantly working with the World Bank to revamp its education system***

The Kuwaiti government has been constantly working with the World Bank to revamp its education system. The MoE and the National Center for Education Development in collaboration with the World Bank are developing strategies to refurbish the education structure. A five-year program was initiated in March 2015, with focus on building capacity, improving the quality of learning and teaching, and monitoring its impact on schools and students<sup>95</sup>. The MoE allocated a budget of KWD 10.6 million (US\$ 35.0 million<sup>96</sup>) towards the program<sup>97</sup>.

Bahrain is focused on developing its higher education landscape, as it aims to become a regional hub for quality higher education and produce graduates with the knowledge and skills required to succeed in the global market. The Higher Education Council of Bahrain framed a ten-year higher education strategy in June 2014. The strategy focuses on improving the teaching quality, aligning students' engagement skills with those required in employment, and introducing accreditation to further the quality of higher education institutions.

The GCC nations are thus undertaking relevant initiatives to develop their respective education sectors. Once executed, the measures are expected to collectively enrich the overall education system in the region.

<sup>93</sup> Source: "New curriculum for public schools by 2018", Khaleej Times, February 24, 2015

<sup>94</sup> Source: "Spending slashed as Qatar prepares to run QR46.5 billion deficit", Doha News, December 17, 2015

<sup>95</sup> Source: "Kuwait Launches a Five-Year Reform Program to Improve the Quality of General Education", The World Bank, March 27, 2015

<sup>96</sup> At the exchange rate as on November 3, 2015

<sup>97</sup> Source: "MoE unveils multi-million dinar program to modernize education", Arab Times, November 3, 2015

## Growing Demand for Private Education

***Despite their high fees, international schools are increasingly attracting the well-heeled local population***

With public schools providing education only to the nationals in most of the GCC countries, expatriate families rely on private schools. Privately run international schools are perceived as centers imparting well-rounded education<sup>98</sup>. Despite their high fees, these schools are also increasingly attracting the well-heeled local population. Several education providers from across the world have flocked the region to capitalize on the demand.

The private sector is receiving support from the governments through the investor-friendly policies aimed at augmenting the scale and quality of education in the region. Recently, the Saudi Arabian MoE introduced a program to encourage private investment in the sector, with a target to increase the proportion of students at private schools and colleges from 14.5% to 25.0% in the coming years<sup>99</sup>. The program focuses on resolving the challenges faced by the private sector and providing an investor-friendly environment. The government plans to involve the private sector as a strategic partner in enhancing the education sector and establish an investment company to fast-track the privatization plan. The government is also considering the launch of the Education Coupons project, under which, it plans to offer scholarships to fund the admissions of locals at private schools. In January 2015, the MoE was under the process of distributing such coupons at kindergartens and special needs education facilities<sup>100</sup>.

***The UAE has the highest number of international schools in the world and is recognized for its favorable investment climate***

However, the UAE and Qatar have remained at the forefront in attracting private investors to the education sector, as they are home to a comparatively large expatriate community. The UAE has the highest number of international schools in the world and is recognized for its favorable investment climate. It has encouraged private investment by offering land for free or at favorable lease terms and financial support in the form of grants, student vouchers, and subsidies. In Qatar, the Supreme Education Council along with Qatar Development Bank introduced a 15-year loan scheme for private investors for building or expanding K-12 educational institutes. The loans can cover up to 70% of the project cost and are available at a subsidized interest rate of 3%-4% per annum<sup>101</sup>. Oman has been encouraging private investments towards higher education by providing land, tax exemption for five years, scholarships to students from low-income families, and a grant of up to US\$ 52 million to private universities<sup>102</sup>.

***The share of private schools in overall K-12 enrolments increased from 19.0% in 2009 to 22.1% in 2014***

An increase in the number of private schools across the region has resulted in a rise in student enrolments in the GCC. Although public schools account for a large portion of the K-12 enrolments, a rapid rise in enrolments at private schools at 6.3% from 2009 to 2014 enabled a 3.2% annual growth in the region's K-12 enrolments<sup>103</sup>. The share of private schools in overall K-12 enrolments increased from 19.0% in 2009 to 22.1% in 2014. Private school enrolments across the member nations have grown in the range of 5% to 8% in the last five years (see Exhibit 42). The growth is likely to continue as the countries focus more on privatization.

<sup>98</sup> Source: "International schools catch on with Saudis", Arab News, September 29, 2014

<sup>99</sup> Source: "Program to boost private investment in education", Saudi Gazette, February 11, 2016

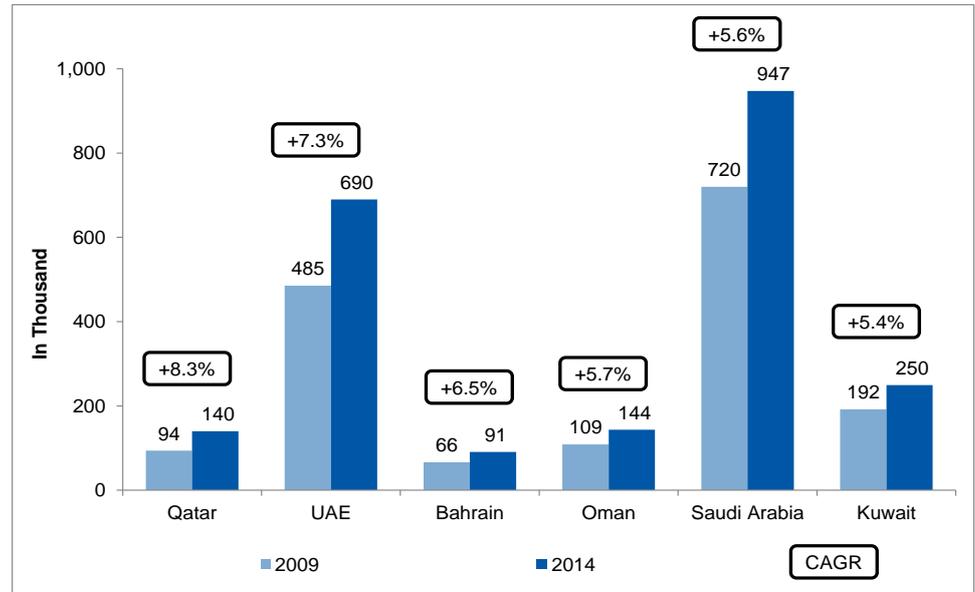
<sup>100</sup> Source: "Program to provide free education for children", Arab News, January 13, 2015

<sup>101</sup> Source: "Qatar Development Bank Launches New Loans to Support Education Sector", Qatar Development Bank, June 10, 2014

<sup>102</sup> Source: "Private Higher Education in the Sultanate of Oman: Rationales, Development and Challenges", University of Kassel, February 2011

<sup>103</sup> Source: UNESCO

**Exhibit 42: Student Enrolments at Private Schools in the GCC**



Source: UNESCO

### Healthy Project Pipeline

**More than 500 educational projects collectively worth above US\$ 50 billion are under various stages of development across the member nations**

The GCC governments' investments coupled with private sector participation have resulted in a spate of projects in the region's education sector. More than 500 educational projects collectively worth above US\$ 50 billion are under various stages of development across the member nations<sup>104</sup>. Of these, Saudi Arabia accounts for most of the projects, followed by the UAE, Qatar, and Kuwait. The largest project by value is the construction of King Faisal University in Saudi Arabia (see Exhibit 43). Spread over an area of 400 hectares, the project includes the construction of several colleges and staff accommodation in phases<sup>105</sup>. A large part of the project is complete, with many colleges already operational. Currently, the construction of the second phase of a teaching hospital is underway<sup>106</sup>.

<sup>104</sup> Source: "GCC Education Construction Market", The Big 5 Hub, October 2015

<sup>105</sup> Source: "Top 10 Education Projects in the GCC", Constructionweekonline.com, March 28, 2011

<sup>106</sup> Source: Ongoing Projects - Yüksel İnşaat A.Ş.

#### Exhibit 43: Major Educational Projects Under Development in the GCC

Project	Country	Value (US\$ million)	Status
King Faisal University in Al-Ahsa	Saudi Arabia	14,721	Construction
Sabah Al Salem University (Kuwait University City)	Kuwait	3,000	Construction
Jazan University	Saudi Arabia	814	Construction
King Khalid University in Abha - Medical City - Phase 2	Saudi Arabia	800	Construction
Taif University	Saudi Arabia	734	Construction
Najran University	Saudi Arabia	676	Construction
Sabah Al Salem University - Colleges of Social Science, Shari`a and Law	Kuwait	514	Construction
Special Needs School Complex in Hawalli	Kuwait	483	Design
Ministry of Interior - Police College in Qatar	Qatar	410	Tender for Construction
Tabouk University - Phase 1	Saudi Arabia	375	Construction
Al Khor Academy	Qatar	155	Construction
New International School (operated by Choueifat School) in Ruwais	UAE	71	Construction
Emirates Flight Training Academy in Dubai South	UAE	62	Construction
Ashghal – 3 New Schools around Doha and in Villages	Qatar	50	Construction
Ashghal – 6 New Kindergartens Around Doha & Villages	Qatar	43	Construction
Kent College Canterbury in Mohammed Bin Rashid City	UAE	41	Construction
Philippines School of Doha	Qatar	33	Construction

Source: GCC Education Construction Market – The Big 5 Hub, October 2015

**The ADEC is set to open 100 public schools by 2020 under its Future Schools Project, with more than half of the target already achieved**

Apart from the major projects listed above, the governments across the GCC are constructing many schools and colleges as a part of their strategic plans to increase student capacity. The ADEC is set to open 100 public schools by 2020 under its Future Schools Project, with more than half of the target already achieved<sup>107</sup>. Additionally, 10 private schools with a capacity of about 12,000 seats are likely to open during the 2016-2017 academic year. The Kuwaiti government has also launched a Kuwait Schools Development Program to set up high-quality schools in partnership with the private sector. The first phase of the program includes the construction of nine schools, accommodation for teachers, and an Olympic-sized swimming pool. Of the total 38 projects worth US\$ 202 billion planned in Qatar by the Public Works Authority (Ashghal), 33 new independent schools and kindergartens are likely to become operational in the forthcoming academic year. The government has awarded additional contracts to Ashghal to build 17 schools and six kindergartens across the country at an estimated cost of US\$ 71 million. In April 2015, Lusail City Real Estate Development Company entered into an agreement with four schools to open their branches in Lusail City in Qatar<sup>108</sup>. The schools are expected to cover a total area of 75,000 meters and are likely to become operational in the 2018-2019 academic year. In the long run, Lusail City is expected to house 26 schools with a capacity

<sup>107</sup> Source: "GCC Education Construction Market", The Big 5 Hub, October 2015

<sup>108</sup> Source: "Lusail City Signs Agreements To Build Four Schools", Lusail City, April 5, 2015



of 26,000 students. Bahrain is planning to construct a satellite campus of Bahrain University, which is likely to open in 2018<sup>109</sup>. With such noteworthy projects underway, the GCC education is set to witness significant capacity addition.

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<sup>109</sup> Source: "New Bahrain University campus to be ready in 2018", Trade Arabia, September 12, 2015

## 5. Challenges

### Dearth of Skilled Teachers

*The availability of teachers is less world over, with an acute shortage in 74 countries*

*The projected additional requirement of teachers in Saudi Arabia is around 183,600 by 2030*

The availability of experienced and adequately qualified teachers is one of the crucial factors in providing high-quality education. Unfortunately, the availability of such teachers is less world over, with an acute shortage in 74 countries<sup>110</sup>. The shortage of teachers in the region is the second highest in the world due to an overall dearth of teachers globally coupled with a low pool of nationals inclined towards pursuing teaching as a profession in the GCC. Although most of the member nations have managed to achieve a low pupil-teacher ratio compared to the world average, the countries face challenges in recruiting highly qualified teachers. Demand for teachers at international schools in the UAE, Saudi Arabia, and Qatar is largely outpacing the supply<sup>111</sup>. The UAE alone has a requirement of at least 14,000 teachers over the next five years. The projected additional requirement of teachers in Saudi Arabia is around 183,600 by 2030<sup>112</sup>. Governments as well as the private players are conducting teacher-training programs to augment the workforce. Private school operators engaged in such programs include GEMS and SABIS<sup>113</sup>. The Qatar government runs a Teach for Qatar program that imparts training to graduates and young working professionals to pursue teaching as a full-time career option. Although measures are being taken to address the shortfall, there has been an increase in the poaching of skilled teachers from competitors by offering higher incentives. Profitability of the education providers is under pressure due to an ensuing rise in salaries, which are a major component of the operating cost.

Inadequately skilled teaching personnel could affect the academic performance of the students due to ineffectively delivered curricula. The international schools in the GCC countries are dependent on teachers from the western countries, with high English language proficiency. Other private and government schools are also dependent more on expatriate teachers due to a small pool of nationals available for the profession. In addition to the shortage of western teachers, the transient nature of expatriates creates uncertainty in their availability. The teacher turnover rate in the region is high, marked by a short tenure of about two years at an institution. The opening of new institutions in the region is likely to worsen the situation.

### Operational Challenges

Many private players have established presence across the GCC nations in the last decade to capture the growing demand. However, factors such as high cost of construction, long gestation period, inflation, competition, difficulty in hiring skilled teachers, and regulated fee hikes, among others, are creating operational challenges for the private education providers. Such factors also act as entry barriers for new players thus contributing to the mismatch in demand and supply of education.

### High Cost of Operations

The high cost of setting up a private school is a major obstacle. The total capital outlay for constructing a private school with a capacity of 500 to 2,000 students in the UAE ranges

<sup>110</sup> Source: "Sustainable Development Goal For Education Cannot Advance Without More Teachers", UNESCO, October 2015

<sup>111</sup> Source: "UAE needs 14,000 teachers over next five years – expert", Gulf Business, September 29, 2015

<sup>112</sup> Source: UNESCO eAtlas of Teachers

<sup>113</sup> Source: "Schools in the UAE plagued by teacher shortage", Teach UAE, November 12, 2014



***The total capital outlay for constructing a private school in the UAE ranges between AED 185 million and AED 275 million***

***As several new schools are opening up and under development in the region, competition among the private players is increasing***

***A government-imposed restriction or limitation on the fee hike is another challenge faced by the private players***

between AED 185 million and AED 275 million<sup>114</sup> (US\$ 50 million–75 million<sup>115</sup>). The purchase of land and construction are the major components of the total capital expenditure, with each entailing a cost of AED 120 million (US\$ 32.7 million<sup>115</sup>). Obtaining sufficient funding for a greenfield project is proving to be difficult in the current global investment climate. Although banks actively provide loans to players in the education sector, they are limited to entities with a credible track record.

Another major cost that is putting pressure on the profitability of private players is the increasing cost of staff, which accounts for 70% of a school's expenditure<sup>116</sup>. In a bid to hire qualified teachers, education providers are offering higher packages in addition to other benefits. This has resulted in a substantial increase in cost of operations, a situation more evident in Saudi Arabia. About 90% of the international schools in Saudi Arabia are facing financial challenges due to the rising operational costs and lack of investments<sup>117</sup>.

### **Increasing Competition**

As several new schools are opening up and under development in the region, competition among the private players is increasing. This situation is more prominent in Dubai, which saw opening of more than 30 new schools in the last four academic years to 2015-2016<sup>118</sup>. The total available capacity in the Emirate has reached 298,341 seats, with a capacity utilization of 89%. KHDA expects launch of 20 new schools in the coming academic year. This further addition is likely to create an oversupply in the city, thus intensifying competition. In such a scenario, quality of education is gaining much attention inducing players to focus on continuous improvement and earn healthy ratings. Increasing competition is also compelling players to innovate and adopt lucrative marketing strategies. The players are offering incentives and discounts to attract students. GEMS Education, which is expected to open six schools, plans to offer educational endowments to about 3,000 students<sup>119</sup>. A newly opening school in Dubai, Arcadia Preparatory School, is likely to offer a 30% discount to students who register during its maiden year. Although such incentives would help attract pupils, lower pricing may affect profit margin as education providers are unable to reduce the operating cost.

### **Government Control on Fee Hike**

A government-imposed restriction or limitation on the fee hike is another challenge faced by the private players. An increase in the fees at private schools in the GCC region is subject to regulatory approval. Dubai Executive Council has capped the increase in schools fees in the range of 5% to 7%, which will be based on the annual performance of the schools assessed by the KHDA<sup>120</sup>. Thus, ratings of schools play an important role in their ability to increase fees. In March 2015, the Saudi Arabian MoE rejected 75% of the applications of private schools to raise fees<sup>121</sup>. The prohibition is likely to stay for two years. The Supreme Council of Education of Qatar, in October 2015, announced that only private schools facing financial losses would be allowed to increase fees<sup>122</sup>. More than 50% of the applications seeking a fee hike were rejected during the year, with only those incurring losses allowed to increase fees in the 2% to 10% range. With no or little increase in fees, which is not proportional to the rise in costs, private schools are unable to spend

<sup>114</sup> Source: "Dubai Education Overview", Colliers International, February 2015

<sup>115</sup> At the average exchange rate in February 2015

<sup>116</sup> Source: "The future of education in Dubai", Time Out Dubai, August 31, 2015

<sup>117</sup> Source: "International schools in Saudi Arabia face financial ruin", Education Journal, December 1, 2015

<sup>118</sup> Source: "20 new schools to come up in Dubai in 2016", Khaleej Times, March 13, 2016; "Private Education in Dubai 2014/15", KHDA

<sup>119</sup> Source: "Schools in Dubai cut fees to lure more pupils", The National, April 3, 2016

<sup>120</sup> Source: "5-7% cap in Dubai school fee increase set", Gulf News, February 16, 2014

<sup>121</sup> Source: "Private schools' application to increase tuition fees rejected", Arab News, March 8, 2015

<sup>122</sup> Source: "Fee hike only for schools facing losses", Zawya, October 4, 2015

on upgrading their infrastructure and resources, deploying technology, and recruiting skilled teachers.

*The desire to gain global competencies and build foreign language skills is driving outbound mobility*

## Students Seeking Education Overseas

Rather than enrolling at institutes within the region, students in the GCC prefer to pursue education abroad, either through self-funding or with external support. The desire to gain global competencies and build foreign language skills is driving outbound mobility. According to the students, their capability in the subjects of mathematics, science, and technology is low compared to that observed across the developed nations since Arabic and Islamic studies enjoy higher attention in the region<sup>123</sup>. The quality of education, particularly in the western countries, is perceived to be much higher than that imparted at the local institutes. Studying abroad thus helps them widen their knowledge base and improves the chances of bagging reputable and high-paying jobs.

The GCC governments have also encouraged students to pursue education in countries such as the US, the UK, Canada, and Australia through scholarship programs. This stems from the rationale to train and develop human resources in areas where the region faces shortage of workforce and enable them to become globally competitive.

The Saudi Arabian government sponsors the overseas higher education as well as undergraduate studies in certain fields for several national students through the US\$ 6.0 billion King Abdullah Scholarship Fund<sup>124</sup>. In 2015, the Kingdom funded the overseas education of 200,000 students. Kuwait has also been increasingly sending students abroad through its scholarship schemes. In the academic year 2014-2015, more than 3,500 students from the country sought education abroad on government-funded scholarships compared to less than 1,300 in 2009-2010<sup>125</sup>. Despite being home to the local campuses of several international colleges and universities, Qatar and the UAE also witness outbound mobility of students seeking higher studies. Over 1,300 Qatari students were studying abroad on state-funded scholarships in the academic year 2013-2014, most seeking a Bachelor's degree<sup>126</sup>.

*Another factor driving the outflow of students is the rising cost of education in the GCC*

Another factor driving the outflow of students is the rising cost of education in the GCC. The cost of education in the GCC has increased rapidly over the years. The average annual cost of educating a child at international schools in Qatar is QAR 21,503 (US\$ 5,900<sup>127</sup>)<sup>128</sup>. In Dubai, nearly 40% of the students at private schools pay about AED 10,000 (US\$ 2,722<sup>129</sup>) per year, while the fees at some schools are as high as AED 98,649 (US\$ 26,854<sup>129</sup>)<sup>130</sup>. Expatriates also prefer to send their children to their home countries or abroad for study in view of a generally high cost of living in the UAE and Qatar.

## Disparity between the Education System and Employment Needs

The GCC countries face a high rate of unemployment among the youth, with the rate in Saudi Arabia as high as about 30%<sup>131</sup>. One of the main factors responsible for this is an

<sup>123</sup> Source: "Saudi schools lack quality science and math teaching", Arab News, July 19, 2013

<sup>124</sup> Source: "Saudi Arabia cuts funding for students abroad", CNN Money, February 9, 2016

<sup>125</sup> Source: "Annual Bulletin of Education Statistics 2015/2014", CBS of Kuwait

<sup>126</sup> Source: "Education Statistics 2013/2014", Ministry of Development Planning and Statistics

<sup>127</sup> At the exchange rate on April 3, 2014

<sup>128</sup> Source: "Average school fees rise in Qatar as competition for places increases", Doha News, April 3, 2014

<sup>129</sup> At the exchange rate on March 31, 2015

<sup>130</sup> Source: "Private Education in Dubai 2014/15", KHDA

<sup>131</sup> The World Bank



***Students from most of the GCC nations have fared below par in the international competitive tests***

education system that is yet to align itself with the needs of the globalized industry and become competitive in the fields of science and research. In a survey conducted in the region by EY in 2014, nearly three-fourth of the employers believed that the education system across the countries does not produce graduates with the technical skills (such as computer literacy and English language capabilities) required by the job market<sup>132</sup>. Only 16% of the employers believed that the curricula are aligned with the needs of the private sector. More than a quarter of the students surveyed were not confident of receiving the right training to prepare them for a career in the preferred industry. Such responses are indicative of the disparity between the education system and employment needs.

Students from most of the GCC nations have fared below par in the international competitive tests. This is attributable to inappropriate assessments, outdated teaching skills and curricula, and weak counseling and supervision functions<sup>133</sup>.

To fill the gap and foster a knowledge-based economy, the GCC nations are taking constructive steps towards revamping the education system by placing more emphasis on technical and skill-based learning. However, overall enhancement of skills of the region's students is likely to happen only over time.

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<sup>132</sup> Source: "How will the GCC close the skills gap?", EY, 2015

<sup>133</sup> Source: "Momentum For Education Beyond 2015: Improving The Quality Of Learning Outcomes And Enhancing The Performance Of Education Systems In The Gulf Cooperation". Qatar Foundation Annual Research Conference, 2014

## 6. Trends

### Growing Preference for International Schools

*The population, in general, is willing to bear the high cost of education at the international schools*

The popularity of international schools in the GCC region is rising due to the presence of a large number of expatriates coupled with the desire of the local residents to send their children to institutions offering high-quality education. The population, in general, is willing to bear the high cost of education at the international schools. As per a study conducted by Umm Al-Qura University in Saudi Arabia, more than two-third in the Kingdom desired to enroll their children at international schools that offer international curricula, English language skills, and modern teaching practices. Nearly half of the international schools in the UAE offer British curriculum, which enjoys a high preference in the region. The national syllabus of the US and India, and the IB are the other curricula witnessing high enrolments. The American schools are most popular in Abu Dhabi, having registered a double-digit growth in student enrolments between 2010 and 2015<sup>134</sup>.

*The UAE international schools generate revenue of US\$ 2.5 billion annually, accounting for 7% of the global tuition fees*

This has led to the mushrooming of several international educational institutes in the GCC region. Based on the number of foreign schools, the UAE ranked the highest among the top fifteen countries globally with its 511 schools and Saudi Arabia (245) and Qatar (152) also featured in the 5<sup>th</sup> and 14<sup>th</sup> positions, respectively<sup>135</sup>. The UAE international schools generate revenue of US\$ 2.5 billion annually, accounting for 7% of the global tuition fees<sup>136</sup>. The country is home to several premium international schools as well as those offering diversified curricula to cater to the large base of expatriates (~85% of total population)<sup>137</sup>. According to a report by International School Consultancy Group in 2015, international schools in Dubai – which hosts nearly half of the foreign schools in the UAE – are expected to witness a 7% rise in enrolments in the next five years<sup>138</sup>. Certain reputed international schools in Dubai and Abu Dhabi have long waiting lists for admission, indicating that the demand is far exceeding supply.

The development of large projects in Qatar, in view of the FIFA World Cup 2020, is attracting many expatriates and thus, increasing the demand for international schools. Several international schools are being set up in Qatar's Lusail City, which are expected to become operational in 2018<sup>139</sup>.

### Increasing Adoption of Technology

*The GCC nations are increasingly deploying information and communications technology to facilitate effective learning*

The GCC nations are increasingly deploying information and communications technology to facilitate effective learning. With the advancement of technology, the mode of teaching is gradually shifting from blackboards to interactive whiteboards and that of learning from notebooks to tablets. In the last decade, several schools and universities in the GCC have undergone a transformation phase for adopting, installing, and upgrading the information technology infrastructure. The governments are investing heavily towards modernizing the education system. The education sector accounted for about 10% of the total tablet shipments to the Middle East during H1 2014, growing by 2.2% over 2013<sup>140</sup>.

<sup>134</sup> Source: "American curriculum schools top choice for UAE parents, Adec says", The National, February 7, 2016

<sup>135</sup> Source: "UAE tops world for international schools", Trade Arabia, August 17, 2015

<sup>136</sup> Source: "More international schools and pupils in the UAE than anywhere else, report says", The National, August 12, 2014

<sup>137</sup> Source: "Investment Opportunities in K-12 and Higher Education in the UAE and Saudi Arabia", The Parthenon Group, October 2011

<sup>138</sup> Source: "Supply and Demand", International School Consultancy Group, April 2015

<sup>139</sup> Source: "Middle East leads global growth of International Schools market", Teach UAE, February 26, 2015

<sup>140</sup> Source: "Education to double device utilization across GCC", ITP.net, January 28, 2015

***Launched in 2012, the Mohammed Bin Rashid Smart Learning Program in the UAE is one of the most successful smart education programs in the region***

***The gradual spread of technology across the education institutions is likely to prepare the students for a future in an increasingly technology-oriented job market***

Measured by revenue, the e-learning market in the Middle East region is projected to grow at an annual average of 8.2% to US\$ 560.7 million in 2016 from 2014<sup>141</sup>. The fastest growth in the GCC region is anticipated in Oman, Kuwait, and Qatar.

Launched in 2012, the Mohammed Bin Rashid Smart Learning Program in the UAE is one of the most successful smart education programs in the region. It aims at introducing technology-enabled techniques in the classrooms to facilitate smart learning at all the government schools in the country by 2019. The program, in its second phase of implementation, covered 208 schools with over 34,500 students in the academic year 2014-2015 and deployed over 1,700 smart screens as well as nearly 5,300 laptops for teachers<sup>142</sup>.

Likewise, the Saudi Arabian Education Ministry launched a SAR 800 million (US\$ 213.3 million<sup>143</sup>) Smart Schools Project in 2012<sup>144</sup>. The country aims to cover all schools under this project by 2017<sup>145</sup>.

Qatar's Supreme Education Council launched an e-learning program to modernize its education system by integrating digital technology. A part of the program was the e-Bag project that aimed to provide students and teachers in the country with tablet PCs and other educational aids compliant with the national curriculum standards. The first phase of the project was rolled out in 2013 covering ten independent schools<sup>146</sup>. The second phase, launched in the academic year 2013-2014, was extended to 30 schools<sup>147</sup>.

Other GCC nations have also introduced programs such as King Hamad Schools of Future in Bahrain and e-education in Kuwait. The e-education program of Kuwait, initiated in 2011, focused on digitizing textbooks and rolling out e-learning products across schools<sup>148</sup>. One of the key goals of Bahrain's ten-year strategy for higher education is leveraging the latest education technologies to develop the system further. To achieve the goal, the country is likely to focus on the PPP model for setting up the required IT infrastructure and provide mandatory training to the teachers, among other measures.

The gradual spread of technology across the education institutions is likely to prepare the students for a future in an increasingly technology-oriented job market. Moreover, the use of internet and devices such as laptops and tablets is facilitating a more enjoyable and effective learning atmosphere, which is likely to result in improved grades of the students. Based on a survey conducted by International Data Corporation in 2015 in the GCC, the education institutes aim to increase their device (laptops, tablets, and other such devices) utilization to 100% over a period of two years<sup>149</sup>.

## **Increasing Importance of Higher Education**

Having identified the gap between the skills of the available workforce and those demanded by the job market, governments across the GCC are putting in efforts to enhance the higher education landscape. Investments in higher education have

<sup>141</sup> Source: "Middle East e-learning market to grow 8.2% yearly until 2016", Zawya, August 24, 2014

<sup>142</sup> Source: Mohammed Bin Rashid Smart Learning Program

<sup>143</sup> At the exchange rate on December 28, 2012

<sup>144</sup> Source: "Coming Soon: Smart Schools in Saudi Arabia", Arabian Gazette, December 28, 2012

<sup>145</sup> Source: "SR54bn educational projects OK'd", Arab News, July 18, 2014

<sup>146</sup> Source: "Qatar rolls out Phase I of e-bag initiative", AMEinfo, February 13, 2013

<sup>147</sup> Source: "30 schools join SEC Phase 2 of 'E-Bag' Project in 2013/2014", Qatar is Booming, May 16, 2013

<sup>148</sup> Source: "Global technology powerhouses to present smart learning tools that will shape future of education in the Arab world at GESS 2013", GESS Dubai, March 5, 2013

<sup>149</sup> Source: "The Role of Technology in the Education Sector", International Data Corporation, January 2015

*There is also an increased awareness about the importance of tertiary education among the region's citizens, who face challenges in the job market*

*In the four years to 2014, the Saudi Arabian government's expenditure towards the TVET segment increased by 41.6% to US\$ 6.1 billion*

quadrupled over the last decade across the region<sup>150</sup>. The momentum is likely to continue on the back of modernization of the existing infrastructure, growing demand for new areas of expertise, and limited existing capacity for the provision of additional disciplines. Countries such as the UAE and Qatar have been developing their higher education ecosystem with the establishment of international colleges and universities to attract overseas students. Oman has also made heavy investments towards its higher education system. An increase in the number of institutions, provision of diversified education programs, establishment of Quality Assurance Council, and drafting of National Educational Framework are testimony to the Omani government's commitment to develop the higher education landscape.

There is also an increased awareness about the importance of tertiary education among the region's citizens, who face challenges in employment. As a result, the number of students enrolled at tertiary education institutes grew swiftly, at an annualized rate of 12.8% between 2009 and 2014<sup>151</sup>. The segment has registered the fastest growth in enrolments across levels of education in all the GCC nations. The GER in tertiary education in the GCC reached 48.0% in 2014 from less than 30% five years ago.

#### **Focus on TVET**

The GCC region faces a wide shortage of competent and skilled workforce, which employers attribute to the mismatch of skills imparted at academic institutions and those required by the job market. Consequently, member nations are increasingly focusing on the development of TVET. In the UAE, the GER in TVET is in the range of 1% to 3%, lower than the global average of 10% and substantially below 40% to 50% in the developed countries such as Germany and Japan<sup>152</sup>. The country, particularly Dubai, is witnessing a growing demand for skilled personnel in sectors such as nursing, aviation, tourism, hospitality, and fashion<sup>153</sup>. In 2015, the Dubai Education Ministry established a regulatory body, Qualifications and Awards in Dubai, for the vocational education segment<sup>154</sup>. The authority was established to develop suitable courses, encourage TVET providers to offer standardized qualifications, assure the quality of TVET provisions and qualifications, among others. By offering accredited vocational education qualifications, the Emirate plans to increase the supply of skilled workforce.

In the four years to 2014, the Saudi Arabian government's expenditure towards the TVET segment increased by 41.6% to US\$ 6.1 billion<sup>155</sup>. The 37 technical colleges under the Colleges of Excellence are attracting a large number of applicants for courses in healthcare, IT, finance, business, and agriculture, among others<sup>156</sup>. The plan is to open 100 more such colleges by 2020. The Kingdom's TVET governing body, Technical and Vocational Training Corporation (TVTC), has invited international training providers to participate actively in the operations of certain institutes as part of a program to build capacity. Through this move, TVTC plans to adopt international best practices. In December 2014, TVTC stated its plan to set up 67 technical colleges in the next four years to provide training to 150,000 applicants<sup>157</sup>. While the number of students in the TVET segment is still much below that in schools and colleges, increasing attention of the regulators to induce enrolments has placed the segment on the growth trajectory.

<sup>150</sup> Source: "GCC investments in higher education have quadrupled over last 10yrs", GESS Dubai, November 9, 2015

<sup>151</sup> Source: UNESCO

<sup>152</sup> Source: "UAE needs more students in vocational education, professionals say", The National, April 15, 2015

<sup>153</sup> Source: "Education sector expected to have manpower gap of 20,0 by 2015", Zawya, March 4, 2014

<sup>154</sup> Source: "New regulatory body in Dubai for vocational education", The National, April 21, 2015

<sup>155</sup> Source: "Education in focus", Clyde & Co, July 2015

<sup>156</sup> Source: "Thousands of applicants for Colleges of Excellence", Arab News, March 15, 2015

<sup>157</sup> Source: "TVTC to open 67 colleges in 4 years", Arab News, December 28, 2014

***Dubai's state-of-the-art infrastructure, easy visa policies, favorable investment climate, and strategic location have drawn reputed foreign education providers***

***The major incentive attracting private players is that QF bears the costs related to infrastructure and facilities along with operating expenses***

## **Budding Education Hubs**

The UAE and Qatar are emerging as the hubs for higher education, with the presence of prominent international universities and educational institutions.

The UAE, particularly the Emirate of Dubai, has become a major education destination as it accommodates several overseas students, a large number of which are from the Arab region. The city's state-of-the-art infrastructure, easy visa policies, favorable investment climate, and strategic location have drawn reputed foreign education providers. Students are also drawn to the country due to hassle-free visa availability and presence of reputed international colleges and universities. More than 64,000 international students were pursuing higher education in the UAE in 2014<sup>158</sup>. Private players are lured by the growing demand for education in not only the country but also the neighboring regions. The government has supported the growth by setting up dedicated free zones, including Dubai Knowledge Village and Dubai International Academic City (DIAC), both of which are tax-free zones permitting 100% foreign ownership and allowing complete repatriation of profits. DIAC is home to over 20 international branch campuses<sup>159</sup>. Dubai Silicon Oasis, Dubai Health Care City, and Dubai International Financial City have also developed education clusters and house several international educational institutions. Global Student Accommodation Group – a leading provider of student accommodation – has recognized Dubai as the foremost emerging international educational hub<sup>160</sup>. The Group has opened a Dubai Universities Partnership Forum with an objective to identify strategies for the further growth of the sector. Based on the Group's research, Dubai needs to double the existing college capacity in order to accommodate the anticipated rise in student enrolments.

The development of the Education City in Qatar in 2001 by the non-profit organization, Qatar Foundation for Education, Science and Community Development (QF), marked the country's first step to build a world-class education hub with the best universities. A Science and Technology Park was also launched adjoining the Education City. The major incentive attracting private players is that QF bears the costs related to infrastructure and facilities along with operating expenses<sup>161</sup>. The Education City is home to six US-based universities and two European institutions. The country also has other international universities in addition to those within the Education City. From 2010, the number of overseas students in Qatar grew at an annualized rate of 13.2% to cross 10,000 students in 2014<sup>158</sup>.

One of the goals of Bahrain's National Higher Education Strategy 2014-2020 is to become a regional hub for those seeking high-quality private education. The strategy focuses on enhancing and building higher education institutions, improving the support structure (such as student accommodation and discounts on transportation, entertainment, and recreation), and drawing students into the country.

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<sup>158</sup> Source: UNESCO

<sup>159</sup> Source: Dubai International Academic City

<sup>160</sup> Source: "Global Student Accommodation Group identifies Dubai as a leading global education hub", Zawya, February 10, 2016

<sup>161</sup> Source: "Established and Emerging Hubs for International Education in Africa and the Middle East", World Education News & Reviews, June 2, 2015

***In 2015, several private equity funds entered into deals to acquire attractive investment opportunities in the region's education sector***

## 7. Merger and Acquisition (M&A) Activities

The education sector in the GCC witnessed several M&A deals in the last three years. In 2015, several private equity funds entered into deals to acquire attractive investment opportunities in the region's education sector. GFH Capital Ltd., Gulf Capital, and NBK Capital Partners invested in the region's education sector. The region also witnessed some sale and lease-back transactions by real estate investment trusts (REITs) in the education sector. Under such deals, the REITs acquired the property of schools in Dubai, while the target company retained the operation and management of the schools. Overall, education providers in the UAE and Kuwait have been the preferred targets in recent years (see Exhibit 44). The existing momentum in the M&A space of the education sector in the region is likely to continue due to the burgeoning demand for schools and colleges.

**Exhibit 44: Major M&A Deals in the GCC Education Industry**

Acquirer	Acquirer's Country	Target Company	Target's Country	Year	Consideration (US\$ Million)	Percent Sought (%)
Amanat Holdings PJSC	UAE	Madaares PJSC	UAE	2016	38.0	16%
GFH Capital Ltd.	UAE	A Dubai-based American curriculum private school	UAE	2014	34.0	100%
KGL Logistics K.P.S.C.	Kuwait	Kuwait Motoring Company K.S.C.C.	Kuwait	2014	31.9	98%
Gulf Capital	UAE	Evolve Knowledge Investments Ltd	UAE	2014	30.0	N/A
NBK Capital Mezzanine Fund I - NBK Capital Partners	UAE	Al-Rowad International Schools	Saudi Arabia	2013	26.7	N/A
Boubyan Petrochemical Co.	Kuwait	Nafais Holding Company	Kuwait	2015	25.5	14%
CedarBridge High Growth II	British Virgin Islands	SAE Institute	UAE	2015	9.6	N/A
Renaissance Services SAOG	Oman	National Hospitality Institute SAOG	Oman	2016	N/A	N/A
GFH Capital Ltd.	UAE	Unnamed British School	UAE	2015	N/A	80%
Nafais Holding Company*	Kuwait	Educational Holding Group K.S.C.P. (Closed)	Kuwait	2015	N/A	2%
Genero Capital LLC	UAE	Masterminds Education	UAE	2015	N/A	45%
Fleming Gulf FZE*	UAE	Xpertlearning	UAE	2015	N/A	N/A
Bahrain Mumtalakat Holding Co. BSC/Fajr Capital Ltd/Blackstone Tactical Opportunities Fund	Bahrain/UAE /US	GEMS Education KSA	UAE	2014	N/A	N/A
Varkey Group Limited	UAE	AHC GCC Investment LLC	UAE	2014	N/A	N/A
Kuwait Finance House K.S.C.P.	Kuwait	Nafais Holding Company K.S.C. (Closed)	Kuwait	2014	N/A	19%
Babcock International Group PLC	Britain	National Training Institute LLC	Oman	2014	N/A	100%
Al Salam Bank - Bahrain B.S.C.	Bahrain	Education Experts	Saudi Arabia	2013	N/A	N/A
Al Najah Education LLC	UAE	Horizon Kids Nursery	UAE	2013	N/A	100%
Emirates REIT	UAE	GEMS World Academy	UAE	2013	N/A	N/A
PineBridge Investments ME	Bahrain	Property of a school in Dubai owned by GEMS	UAE	2013	N/A	100%
Al Razzi Holding Company K.S.C.	Kuwait	Sama Educational Company K.S.C.	Kuwait	2013	N/A	33%

Source: Zawya, Bloomberg

Note: \*Deals pending completion (as on April 28, 2016)

## 8. Annexure – Fee Structure in the GCC

The tuition fee in the private schools and colleges in the GCC varies widely, based on the curriculum they offer. The fees charged by the international schools offering IB and American curricula are the highest. Private schools providing primary to secondary education based on American curriculum charge an annual tuition fee in the range of US\$ 13,015 to US\$ 26,081 (see Exhibits 45 and 46). The tuition fee charged by private schools offering Indian and Arabic curriculum is relatively less. An increasing level of competition in the UAE have compelled private schools to provide rebates and incentives to lure students. GEMS Education is likely to offer educational endowments to about 3,000 students<sup>162</sup>.

**Exhibit 45: Tuition Fee Structure of Schools in the GCC (Section 1)**

School Name	Curriculum	Annual Fee Range (US\$)	
		Pre-primary	Primary & Secondary
<b>UAE</b>			
Dubai American Academy	American	5,577 – 14,646	20,647
Repton School, Abu Dhabi	British	14,974	16,608 – 18,241
GEMS World Academy	IB	16,146 – 20,198	20,198 – 28,027
GEMS Modern Academy	Indian/IB	7,289 – 8,455	9,575 – 12,536 (IB – 16,331)
Kings' School Dubai	British	10,430	13,151 – 15,873
Raha International School - Taaleem	IB	9,826 – 10,316	13,523 – 15,488
<b>Saudi Arabia</b>			
American International School, Riyadh	American	8,890 – 19,679	20,355 – 22,314
Rowad Al Khaleej International School	American	10,129 – 10,662	NA
British International School	British	9,370 – 13,132	13,132 – 21,189
Jeddah Knowledge International School	IB	7,870 – 8,251	10,756 – 15,074 <sup>#</sup>
Daratassalam International Delhi Public School	Indian	2,399	2,399 – 4,078
<b>Qatar</b>			
American School of Doha	American	9,015 – 15,033	15,033 – 19,550
Qatar International School	British	4,443 – 7,553	7,886 – 12,329
Al Jazeera Academy	IB	6,074	7,983 – 12,772
Birla Public School	Indian	1,630	2,963 – 5,103 <sup>^</sup>
<b>Oman</b>			
The American International School of Muscat	American	12,141 – 19,170	19,170 – 23,622
The British School-Muscat	British	8,582 – 10,407	11,222 – 20,891
Sultan's School	IB	5,656	7,740 – 11,610
The Indian School Muscat	Indian	979 – 1,165	979 – 1,072

Source: Respective websites of schools

Notes: Fees are pertaining to the academic year 2016-2017 or as per the latest available data on the school websites; The above fees are converted from the local currency to US\$ using the exchange rate as on March 16, 2016; <sup>#</sup>the range includes fees for both girls and boys schools; <sup>^</sup> Fees at CBSE International

<sup>162</sup> Source: "Schools in Dubai cut fees to lure more pupils", The National, April 3, 2016

#### Exhibit 46: Fee Structure of Schools in the GCC (Section 2)

School Name	Curriculum	Annual Fee Range (US\$)	
		Pre-primary	Primary & Secondary
<b>Kuwait</b>			
The Universal American School	American	7,812 – 9,726	13,015 – 14,840
New English School	British	5,422 – 8,379	8,379 – 13,838
Al-Ru'ya Bilingual School	English/Arabic	6,564	8,289 – 11,050
American International School	IB	8,263 – 8,980	12,096 – 14,173
The Indian Community School Kuwait	Indian	1,062	1,181 – 1,526
<b>Bahrain</b>			
Riffa Views International School	American	7,245 – 16,228	20,285 – 26,081
St. Christopher's School	British	7,595 – 9,927	9,927 – 18,589
The British School of Bahrain	British	6,852 – 8,709	8,709 – 17,719
Bahrain Bayan School	IB	7,318	8,056 – 10,071
New Millennium School, DPS	Indian	2,497	2,497 – 4,315

Source: Respective websites of schools

Notes: Fees are pertaining to the academic year 2016-2017 or as per the latest available data on the school websites; The above fees are converted from the local currency to US\$ using the exchange rate as on March 16, 2016

Colleges and universities in the region charge fees for the undergraduate and graduate programs based on the credit hours earned or subjects (see Exhibit 47).

#### Exhibit 47: Fee Structure of Colleges in the GCC

College/University	Type of Courses	Fee Range (US\$) – 2015
The AMA International University (Bahrain)	General and MBA	136 – 231 per credit unit
Majan College (Oman)	ACCA and Post Graduate Programs	10,743 – 17,161 per year
American University of Kuwait	Undergraduate program and Computer and Electrical Engineering	697 – 763 per credit hour
Qatar University	Undergraduate programs / Graduate programs	219 – 274 per credit hour / 412 – 549 per credit hour
Al Yamamah University (KSA)	Undergraduate programs / Graduate programs	14,660 – 17,326 per year / 41,021 – 50,377 per year
Al Ghurair University (UAE)	Undergraduate programs / Post Graduate programs	299 – 381 per credit hour / 272 – 680 per credit hour
University of Wollongong in Dubai	Undergraduate programs/ Postgraduate programs	69,292 - 70,028 per year / 2,281 per subject*
American University in Dubai	Undergraduate programs/ Graduate programs	925 per credit hour / 898 – 953 per credit hour

Source: Respective websites of colleges and universities

Notes: Fees are as per the latest available data on the school websites; The above fees are converted from the local currency to US\$ using the exchange rate as on March 16, 2016 \*total number of subjects in the programs ranges between 10 to 17; ACCA stands for Association of Chartered Certified Accountants

# Country Profiles

## Saudi Arabia

### Key Growth Drivers

- **Population:** Saudi Arabia's population below 25 years of age accounts for about 45% of total population and is estimated to grow at a CAGR of 1.3% between 2015 and 2020 to reach 14.8 million (Source: UNPD, IMF). An expanding base of school and college going population is expected to increase student enrolments.
- **Increasing income level:** The GDP per capita based on PPP is estimated to grow at an annualized rate of 2.7% between 2015 and 2020. Rising per capita income is likely to support the growing demand for quality education.
- **Government measures:** The Saudi Arabian government is taking measures to develop the sector by offering grants to universities, sponsoring students to pursue overseas education, and promoting vocational education. In the 2016 budget, the government allotted US\$ 51.5 billion for the sector, higher than that in developed nations. Higher spending and measures is providing impetus to the education sector.
- **Focus on private sector participation:** The government is encouraging private sector participation by providing funding and administrative support to fuel the rising demand for education. Moreover, the government is planning to introduce public private partnership projects and engage SMEs in education sector.

### Recent Industry Developments

- In April 2016, the Madinah governor launched 41 educational projects worth SAR 400 million (US\$ 1,053.9 million\*) to build schools and administrative facilities for over 26,000 students, and two supervisory centers in Jamawat and Hanakiyyah.
- In March 2016, privatization of the KSA educational sector was the main topic of discussion at the Jeddah Economic Forum. The panelists suggested the need for transformational education, collaborating with SMEs, educating growing middle class, and reducing pressure on bloated public sector.
- In March 2016, the education Minister Ahmed Al-Issa launched 35 projects to develop 50 schools based on the new requirements of the educational system to provide an intelligent and environment friendly facility.

### Macro-economic Indicators

Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.4	2.2	3.2
GDP per capita at current prices	SAR	75,521	75,347	91,829
GDP per capita based on PPP	US\$	53,565	54,313	61,310
Population	mn	31.4	32.0	34.7
Inflation	%	2.1	2.3	2.9

Source: IMF – October 2015

Note: F – Forecasted

### Number of Students

Segment	2015E	2016F	2020F
Pre-primary	339,524	365,612	466,337
Primary and Secondary	7,313,004	7,517,122	8,382,386
Tertiary	1,594,075	1,694,493	2,128,521

### Gross Enrolment Rates

Segment	2015E	2016F	2020F
Pre-primary	17.8%	19.3%	25.3%
Primary and Secondary	109.7%	110.8%	115.5%
Tertiary	63.9%	66.7%	77.9%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

### Key Players

Company	Type
Al-Hussan Education & Training Group	Owns and operates schools
Al Khaleej Training and Education Company	Owns and operates schools
Digital University of America	Private university
Ma'arif For Education and Training	Owns and operates schools
Nada International School	School
Saad College of Nursing & Allied Health Sciences	College

\* At the exchange rate on April 7, 2016

## UAE

### Key Growth Drivers

- **Population:** UAE's overall population is projected to increase at a CAGR of 2.9% between 2015 and 2020, with those below 25 years of age likely to increase by 0.3 million (Source: IMF, Alpen Capital). A growing base of school-age and college-age population is likely to drive growth in enrolments.
- **Increasing income level:** The GDP per capita based on PPP is estimated to grow at a 2.4% CAGR between 2015 and 2020. A high as well as rising income level is supporting residents' willingness to spend more on quality education.
- **Government initiatives:** The government has allotted US\$ 13.2 billion for the education sector in its 2016 budget. The government is making substantial investments and launching various initiatives to hire internationally accredited teachers, develop smart learning programs, revamp education curriculum, and introduce framework to improve quality. The government is also building more vocational colleges and promoting skill-based learning. Such initiatives bode well for the growth of the education sector.
- **Increase in private schools:** Private schools in Dubai and Abu Dhabi is projected to increase significantly over the next few years in anticipation of increase in enrolments at around 400,000 in Dubai by 2020 and 283,800 in Abu Dhabi by 2021 (Source: The National and ADEC). Such demand is likely to attract large investments in the sector.

### Recent Industry Developments

- In April 2016, the Council for Indian School Certificate Examinations that runs the ICSE curriculum announced its plan to change the school curriculum from kindergarten to grade 8 with effect from the academic year 2017-2018.
- In March 2016, KHDA planned to open 15 to 20 new private schools in Dubai during academic year 2016-2017.
- In March 2016, ADEC planned to open 17 new private schools in Abu Dhabi, which will provide 24,000 seats. The schools will be offering a range of curriculums, including American and British.
- In February 2016, GEMS Education planned to open seven new schools in the UAE in 2016 offering diverse curricula.

### Macro-economic Indicators

Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.0	3.1	3.8
GDP per capita at current prices	AED	129,978	132,733	155,456
GDP per capita based on PPP	US\$	66,997	67,965	75,330
Population	mn	9.6	9.9	11.1
Inflation	%	3.7	3.0	3.4

Source: IMF – October 2015

Note: F – Forecasted

### Number of Students

Segment	2015E	2016F	2020F
Pre-primary	160,472	164,344	180,244
Primary and Secondary	818,495	850,053	987,883
Tertiary	155,653	168,182	217,688

### Gross Enrolment Rates

Segment	2015E	2016F	2020F
Pre-primary	86.4%	87.9%	94.1%
Primary and Secondary	102.0%	103.4%	109.1%
Tertiary	24.0%	26.0%	34.0%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

### Key Players

Company	Type
Emirates International School	Owns and operates schools
Fortes Education	Owns and operates schools
GEMS Education	Operator of a chain of schools
Indian High School	School
Innoventures Education	Owns and operates schools
Kings Dubai	Owns and operates schools
Repton School	Owns and operates schools
Taaleem	Owns and operates schools
Skyline University College	Private university

## Oman

### Key Growth Drivers

- **Population:** The population below 25 years of age in Oman, accounting for nearly 37% of the total population, is estimated to grow by 2.2% annually between 2015 and 2020 (Source: UNPD, IMF, Alpen Capital). A growing base of school-age and college-age population is likely to fuel demand for education.
- **Government plans:** In the 9<sup>th</sup> five-year plan (2016-2020), the government has earmarked 34% of total current expenditure towards improving the quality of learning, manpower training, and research and development. Additionally, plans to establish more higher education institutions, offer diversified stream and programs, and form a Quality Assurance Council is likely to support the development of education sector.
- **Growing demand for international schools:** There is a growing preference of nationals to send their children to private international schools due to the choice of curriculum and the use of bilingual system (English/Arabic), which is not provided by public schools. The government is also offering various incentives to encourage private sector participation. Such factors are likely to attract investments in the education sector.

### Recent Industry Developments

- In April 2016, at Oman State Council meeting, the Education and Research Committee discussed key study areas including mechanism for offering new study programs by private higher education institutions, coordination among public and private institutions, accreditation of the scientific certificates, and the number of students admitted to study programs. Moreover, the challenges faced by higher education institutions were also addressed in the meeting.
- In April 2016, the MoE of Oman and the Republic of Belarus reviewed the bilateral educational ties and signed a memorandum of understanding to boost education cooperation.
- In September 2015, the Education Council reviewed major plans including recent developments related to establishing Muscat University and approved the establishment of a center under the MoE to evaluate school performance.

### Macro-economic Indicators

Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	4.4	2.8	1.0
GDP per capita at current prices	OMR	6,026	5,891	6,391
GDP per capita based on PPP	US\$	44,728	45,169	45,729
Population	mn	3.8	4.0	4.5
Inflation	%	0.4	2.0	2.8

Source: IMF – October 2015

Note: F – Forecasted

### Number of Students

Segment	2015E	2016F	2020F
Pre-primary	75,196	78,645	93,815
Primary and Secondary	740,157	777,489	947,087
Tertiary	90,615	87,222	74,584

### Gross Enrolment Rates

Segment	2015E	2016F	2020F
Pre-primary	55.4%	56.4%	60.4%
Primary and Secondary	122.8%	123.3%	125.4%
Tertiary	24.4%	24.9%	26.9%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

### Key Players

Company	Type
Azzan bin Qais International School	School
Dhofar University	Private university
Indian School Muscat	School
National Training Institute LLC	Vocational training provider
Sohar University	Private university
Technical and Administrative Training Institute LLC	Vocational training provider

## Kuwait

### Key Growth Drivers

- **Population:** The below 25 years of age population in Kuwait is projected to grow at a 2.7% CAGR between 2015 and 2020 (Source: IMF). An increasing student base augurs growth for the country's education sector.
- **Rising income level:** With GDP per capita based on PPP at US\$ 70,259 in 2015, Kuwait ranks amongst the wealthiest nations in the world. The per capita income of the country is estimated to increase at a 1.8% CAGR by 2020. High and rising income level is likely to boost spending on education.
- **Government support:** The Kuwaiti government's plan to transform its education sector by developing the curriculum and teaching effectiveness, building excellent universities, and promoting higher education bodes well for the growth of education sector.
- **Increasing private sector participation:** Growing demand from expatriates for English medium schools is leading to increase in number of international schools in the country. Private colleges are also expected to increase, in view of fully utilized capacity in public institutions amid rising enrolments.

### Recent Industry Developments

- In March 2016, the Kuwait University revealed that it would freeze jobs of 56 non-Kuwaiti employees in the academic year 2016-2017 and instead hire only Kuwaiti nationals.
- In January 2016, the Government of Kuwait suspended the fee hike made by private schools temporarily until a parliamentary committee reviews the issue with the MoE. The decision was a result of strong criticism by politicians against several private foreign schools, which unilaterally raised their fees without obtaining a permit from the MoE.
- In January 2016, MoE formed a special committee to regulate school fees in the Arab and foreign private schools under the chairmanship of Undersecretary Dr. Haitham Al-Athari.
- In June 2015, The Boston Consulting Group published in its report that Kuwait outperformed the GCC and the rest of the world in education with strong and improving score in the Sustainable Economic Development Assessment analysis, among the ten dimensions including economic stability, health, governance, and environment.

### Macro-economic Indicators

Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	1.2	2.5	2.9
GDP per capita at current prices	KWD	8,779	8,909	11,084
GDP per capita based on PPP	US\$	70,259	70,908	76,970
Population	mn	4.1	4.2	4.7
Inflation	%	3.3	3.3	3.6

Source: IMF – October 2015

Note: F – Forecasted

### Number of Students

Segment	2015E	2016F	2020F
Pre-primary	82,441	82,958	85,001
Primary and Secondary	544,869	563,816	646,710
Tertiary	127,127	130,064	141,539

### Gross Enrolment Rates

Segment	2015E	2016F	2020F
Pre-primary	62.6%	62.1%	60.1%
Primary and Secondary	96.2%	96.0%	95.3%
Tertiary	47.2%	48.5%	53.7%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

### Key Players

Company	Type
Afaq Educational Co. K.S.C.	Owns and operates schools
American University of Kuwait	Private university
Al Rayan Holding Co. K.S.C.C	Owns and operates schools
EYAS for Higher and Technical Education Company KSCC	Operates a private university
Fawzia Sultan Educational Co.	Owns and operates schools
Kuwait English School	School

## Qatar

### Key Growth Drivers

- **Population:** Qatar's population is projected to increase by 2.9% annually between 2015 and 2020 and those below 25 years of age (forming nearly one-third of total population) is likely to grow by 2.2% (Source: IMF, Alpen Capital). The projected increase in school-age and college-age population is expected to keep driving the student enrolments.
- **Rising income level:** The GDP per capita based on PPP of the wealthiest nation in the world is expected to increase by 2.7% annually between 2015 and 2020. Higher disposable income is likely to increase demand for high-quality education.
- **Increasing private participation:** Growing expatriate community coupled with increasing preference of locals for international curriculum and government incentives is fueling growth of private participation in the sector.
- **Government support:** Government reforms such as makeover of K-12 and post-secondary education system and focus on strengthening the TVET segment coupled with large budget allocation is beneficial for the growth of the sector.

### Recent Industry Developments

- In April 2016, The Ministry of Higher Education issued a list of 2,500 universities accredited in 63 countries for Qatari students looking to enroll for higher education.
- In March 2016, the Ministry of Higher Education modified the scholarship policy for undergraduate studies and linked it directly to the local job market requirements. The main motive was to develop Qataris in areas like medical science, nursing, pharmacy, and engineering.
- In January 2016, the Education Development Institute, a member of Qatar Foundation collaborated with Harvard Graduate School of Education to improve teaching and learning.
- In January 2016, Qatar University (QU) renewed agreement with Qatar Petrochemical Company for polymer research. The partnership is likely to contribute to developing research activities in materials science and engineering, and exchange of knowledge between students and teachers.
- In November 2015, QU inaugurated the new College of Medicine, which will offer a six-year program leading to Doctor of Medicine degree.

### Macro-economic Indicators

Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	4.7	4.9	2.8
GDP per capita at current prices	QAR	286,938	268,358	346,928
GDP per capita based on PPP	US\$	133,040	132,038	152,352
Population	mn	2.4	2.6	2.8
Inflation	%	1.6	2.3	2.3

Source: IMF – October 2015

Note: F – Forecasted

### Number of Students

Segment	2015E	2016F	2020F
Pre-primary	41,905	44,169	54,170
Primary and Secondary	227,385	234,135	263,465
Tertiary	28,612	32,007	45,977

### Gross Enrolment Rates

Segment	2015E	2016F	2020F
Pre-primary	60.1%	61.7%	68.1%
Primary and Secondary	99.6%	100.7%	105.3%
Tertiary	17.8%	19.8%	27.8%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

### Key Players

Company	Type
Al Jazeera Academy	School
English Modern School (Al Muftah)	School
Newton International School	Owns and operates schools
Noor Al Khaleej International School	School
Taleb Group	Owns and operates schools
Weill Cornell Medical College in Qatar	College

## Bahrain

### Key Growth Drivers

- **Population:** Bahrain's population is projected to grow at a 2.0% CAGR between 2015 and 2020. More than 36% of the population is below 25 years of age (Source: UNPD). An expanding population base, particularly the school and college going population, is likely to result in increase in enrolments.
- **Increasing income level:** The GDP per capita based on PPP is estimated to increase at a 3.0% CAGR between 2015 and 2020, fueled by growing economic activity in the country. Rising income level is likely to back spending on education.
- **Government initiatives:** The government of Bahrain is investing heavily on the development of the education sector. In its 2016 budget, the government apportioned BHD 325.7 million (US\$ 858.0 million\*) towards the education sector. Focus on adapting e-learning at schools on a large scale, enhancing linkages between higher education and vocational education, improving education quality, and developing entrepreneurial capabilities as a part of the National Higher Education Strategy (2014-2024) is likely to bolster the sector.

### Recent Industry Developments

- In March 2016, the education minister of Bahrain in the meeting of the Parliamentary Services Committee highlighted the establishment of a department for compulsory education that would work on returning dropouts and increase compulsory basic education for children from the age group of 6 to 15 years old to 5 to 15 years.
- In December 2015, the Secretary-General of the Higher Education Council (HEC), Yousef Hamzah, launched the national accreditation system for universities. The accreditation is expected to improve the perception of Bahrain's higher education sector globally.
- In August 2015, the HEC of Bahrain signed a contract with the British Accreditation Council (BAC) to inspect Bahrain's public and private institutions. The BAC and HEC will work together to develop documentation for accreditation, run workshops for universities and train HEC staff. This contract is expected to raise the quality of higher education and boost confidence of national and international students considering studying in Bahrain.

### Macro-economic Indicators

Indicators	Unit	2015	2016F	2020F
GDP growth at constant prices	%	3.4	3.2	3.3
GDP per capita at current prices	BHD	8,988	9,217	10,671
GDP per capita based on PPP	US\$	50,169	51,371	58,048
Population	mn	1.3	1.3	1.4
Inflation	%	2.0	2.1	2.5

Source: IMF – October 2015

Note: F – Forecasted

### Number of Students

Segment	2015E	2016F	2020F
Pre-primary	34,848	35,143	36,277
Primary and Secondary	203,197	207,878	227,850
Tertiary	155,653	168,182	217,688

### Gross Enrolment Rates

Segment	2015E	2016F	2020F
Pre-primary	56.0%	56.8%	60.0%
Primary and Secondary	94.1%	94.6%	96.8%
Tertiary	38.2%	39.6%	45.2%

Source: Alpen Capital

Note: E – Estimated, F – Forecasted

### Key Players

Company	Type
Ahlia University	Private university
Bahrain Institute of Banking and Finance	Vocational training provider in finance domain
Hawar International School	School
Naseem International School	School
University College of Bahrain	College

\* At the exchange rate on March 16, 2016

# Company Profiles

## Al Khaleej Training and Education Company (Publicly Listed) Saudi Arabia

### Company Description

Established in 1993, Al Khaleej Training and Education Company (AKTE) is engaged in the provision of training for computer and ancillary electronic services, establishment of schools and cafeterias, imparting English language, and other support services such as call center. AKTE caters to over 2,500 corporates and over 50,000 individual clients annually with its training and education services.

### Business Segments/Services Portfolio

- **Schools:** AKTE is engaged in the establishment of private educational schools in Saudi Arabia. The company owns two schools each in Dammam and Riyadh under the brand 'Rowad Al Khaleej International Schools'. These schools provide kindergarten to grade 12 education. AKTE also owns Baraem Rowad Al Khaleej International Kindergarten offering nursery to grade 3 education.
- **Computer Training:** AKTE has the franchisee of New Horizon Company in the Middle East and runs 40 such centers in Saudi Arabia. These centers provide three months to two years computer training courses to individuals, and advanced networking and programming courses to corporate.
- **Language:** The company runs the franchisee of Direct English in Saudi Arabia, which provides English language courses over a period of 2 to 14 months.
- **Educational Projects:** Under this segment, the company establishes and manages schools and universities, including operating the orientation years for various Saudi universities while providing and managing their academic staff.
- **Communication Centers:** Under this segment, AKTE provides management and operating services of call centers for a number of companies.
- **Financial and Management Training:** AKTE offers development courses and international certifications in management, leadership, and stock trading.

### Key Strengths

- Won over 55 international and domestic awards.
- Extensive network of over 80 branches across the Kingdom.
- Owns over 11 international franchises rights for international companies.

### Recent Developments/Future Plans

- In August 2015, AKTE announced that it had entered into an agreement with Manafea Holding Co. (MHC) to build and lease 8 to 10 international kindergartens in Riyadh, Jeddah, and Eastern Province. While the project will be executed by real estate developers and contractors, MHC will provide funding to the tune of SAR 250 million (US\$ 66.6 million\*).

\* At the exchange rate on August 11, 2015

Current Price (US\$) 7.15

Price as on April 28, 2016

### Stock Details

Bloomberg ticker	ALKHLEEJ AB
52 week high/ low	16.26/5.03
Market Cap (US\$ mn)	286.1
Enterprise value (US\$ mn)	413.2
Shares outstanding (mn)	40.0

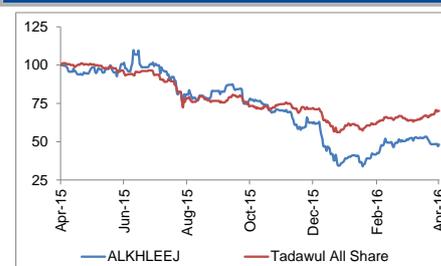
Source: Bloomberg

### Average Daily Turnover ('000)

	SAR	US\$
3M	16,624.5	4,432.1
6M	16,098.2	4,291.8

Source: Bloomberg

### Share Price Chart



Source: Bloomberg

### Valuation Multiples

	2015	2016E	2017E
P/E (x)	20.1	15.7	14.7
P/B (x)	2.6	1.9	1.8
EV/S (x)	2.5	2.0	1.8
Dividend yield (%)	2.9	3.7	4.2

Source: Bloomberg

### Shareholding Structure

Ahmed Bin Ali Ahmed Ashadawi	10.91%
Al Walid Bin Abdulrazzak Saleh Aldryaan	10.72%
Abdulaziz Bin Hammad Nasser Al-Bulaihid	7.00%
Public	71.37%
<b>Total</b>	<b>100.00%</b>

Source: Zawya



Financial Performance			
US\$ Million	2014 YE Dec	2015 YE Dec	Change (%)
Revenue	193.0	193.5	0.3
COGS	141.2	145.5	3.0
Operating Income	26.5	24.3	-8.4
Operating Margin (%)	13.8	12.6	
Net Income	22.9	18.4	-20.0
Net Income Margin (%)	11.9	9.5	
Return on Average Equity (%)	18.8	13.6	
Return on Average Assets (%)	9.9	6.6	

Source: Zawya

## Al Rayan Holding Company (Privately Owned)

Kuwait

### Company Description

Al Rayan Holding Company (ARHC) was established in 2006 in Kuwait with a paid-up capital of KWD 16.3 million (US\$ 54.1 million\*) in order to provide K-12 education. The company has initiated several acquisitions to expand its presence in the country's education sector. ARHC operates and manages five schools, catering to 14,000 students. The schools offer various curricula including the National Curriculum for England and Wales, the Indian Central Board for Secondary Education (CBSE), the Pakistan Federal Board of Intermediate and Secondary Education, and the Arabic national curriculum.

### Business Segments/Services Portfolio

ARHC operates the following schools:

- **Kuwait International English School (KIES):** This school provides K-12 education under the British curriculum. This school's students follow the International General Certificate of Secondary Education (IGCSE) from grade 10 and Advanced Subsidiary (AS)/Advanced (A) level at grade 12. The school has nearly 600 students.
- **International British School (IBS):** IBS offers K-12 education based on England National Curriculum.
- **Fahaheel Al Watanieh Indian Private School (FAIPS):** FAIPS offers CBSE curricula to the students from nursery to grade 12. The school is recognized by MoE of Kuwait and affiliated to CBSE, New Delhi for All India Secondary School Examination (grade 10) and All Indian Senior School Certificate Examination (grade 12).
- **New Pakistan International School (NPIS):** Established in 1997 in collaboration with Kuwait Establishment of Education services, NPIS caters to 2,345 students from 39 countries. It provides Pakistani curriculum to students from kindergarten to grade 10 and in the current year, it has started AS/A level for grade 12.
- **Fahaheel National Schools (FAS):** Founded in 1968, FAS is an Arabic community school that provides education from kindergarten to the secondary levels. The school operates through three branches, namely Fahaheel National School, Boys, Fahaheel National School Girls, and Fahaheel National School Elementary.

### Key Strengths

- The school has expanded its operations in country's education sector through acquisition of schools.

### Recent Developments/Future Plans

- N/A

\* At the exchange rate on March 16, 2016

### Company Description

Azzan Bin Qais International School (ABQIS) is part of Al Omania Education Services (Iskan Knowledge), an education arm of Iskan Oman Investment Company and Wafra Investment fund of Kuwait. Iskan Knowledge operates two schools under the ABQIS brand providing comprehensive education from kindergarten to secondary level. These schools offer British curriculum leading to IGCSE and A level exams as well as the syllabus of MoE of Oman.

### Business Segments/Services Portfolio

- **ABQIS:** Located in Muscat, the school offers education from kindergarten to grade 12. At the kindergarten level, the school offers bilingual learning programs with subjects like English, mathematics, science, physical education (PE), information and communications technology (ICT) and music following the British curriculum. At grade 5 (year 11 and 12), the school offers two programs, General Diploma of Education offered by the MoE and AS and A2 levels of the British curriculum. The school also offers extra-curricular activities such as sport and fitness, music, art, language classes, and intellectual development, to name a few.
- **ABQIS - Seeb:** This school offers education at four levels, starting from the foundation stage until grade 8. The key subjects offered in the primary and secondary stages include English, mathematics, science, geography, ICT, art, music, and PE as well as the MoE mandated subjects of Arabic language, Islamic, and social studies. The co-curricular activities offered by this school help prepare the students in the areas of sports, thinking, and performing arts.

### Key Strengths

- Association with well-reputed investment companies from the Sultanate of Oman and Kuwait

### Recent Developments/Future Plans

- In February 2016, ABQIS in Muscat raised OMR 1,800 (US\$ 4,659.5\*) to support the World Food Programme's Red Cup campaign. The money was collected as part of ABQIS's fifth annual fundraiser event.

\* At the exchange rate on February 25, 2016

### Company Description

Established in 1981 as the Bahrain Bankers Training Centre, the Bahrain Institute of Banking and Finance (BIBF) provides education and training solutions primarily for the banking sector. With more than 300 academic and executive development programs, the institute serves areas of banking, accounting and IT, Islamic finance as well as leadership and management. BIBF has global presence through its clients in Asia, Africa, Europe, the US, and the Middle East. The company has partnerships with several internationally recognized universities such as DePaul University in the US, and Newcastle University, University of Cambridge, and University of Bolton in the UK, among others, to offer professional and academic qualifications.

### Business Segments/Services Portfolio

The centers within the BIBF offering several programs include:

- **Centre for Academic:** It offers several undergraduate and postgraduate programs through Bangor University, University of DePaul, and University of London.
- **Centre for Accounting & Finance:** This center provides professional courses such as Certified Public Accountant, Certified Management Accountant, Certified Internal Auditor, and Association of Chartered Certified Accountants, among others.
- **Centre for Banking:** The programs offered by this center include the International Banking, Risk Management – Regulations and Compliance, Capital Markets, Credit Risk Analysis & Management, Chartered Financial Analyst, and Banking Studies Diploma Program, among others.
- **Centre for Insurance:** The center's program offering includes Insurance Management Diploma, Intermediate Insurance Diploma, and Advanced Insurance Diploma.
- **Centre for Islamic Finance:** Courses offered include Advanced Diploma in Islamic Finance, Advanced Diploma in Islamic Commercial Jurisprudence, Islamic Mutual Funds, and Sharia for Bankers.
- **Centre for Information Technology:** It provides courses such as Cisco Certified Network Associate, the Cisco Certified Internetwork Expert certification, the Certified Information Systems Auditor, Cloud Computing, Information Security Policies, Procedures and Standards, Fundamentals of IT Audit, and Corporate Social Media.

### Key Strengths

- Recognized as 'Platinum Approved Learning Provider' by the Association of Chartered Certified Accountants.
- Ranked 'Outstanding' by the National Authority of Qualifications and Quality Assurance of Education and Training in the 2013 Vocational Review.
- Named the 'Educational Service Provider of the Year' at the inaugural Middle East Insurance Awards in November 2014.
- Supported by a globally competent faculty having rich market experience.

### Recent Developments/Future Plans

- In March 2016, BIBF signed an agreement with the UAE-based International Islamic Centre for Reconciliation and Arbitration to launch a joint Certification in Islamic Arbitration and collaborate in other areas of mutual benefit.
- In January 2016, BIBF collaborated with BMI Offshore Bank Seychelles to provide training for the staff and employees of the latter's Financial Intelligence Unit in the areas of Islamic Banking and Product Structures, Customer Service for the Banking Industry, and Anti-Money Laundering/Financial Crime Prevention.

## Dhofar University (Publicly Listed)

Oman

### Company Description

Incorporated in August 2004, the Salalah-based Dhofar University (DU) is an institution for higher education. Having commenced operations from the premises of the National College for Science and Technology, the institute was then incorporated into DU. Based on the American system, the university primarily offers two-year diploma and four-year bachelor degrees. Through its three colleges, DU offers 54 academic programs in various specializations, including 20 diploma programs, 26 bachelor's degree programs, and 8 master's degree programs. The student enrollment has grown to as many as 6,000 students. The university has 182 faculty members, most of whom hold doctorate degrees.

### Business Segments/Services Portfolio

- **College of Arts and Applied Sciences:** It offers five diploma programs, eight bachelors programs, and five masters programs in areas of computer science, education, languages and translation, math and science, social science, and law.
- **College of Commerce and Business Administration:** It offers diploma and Bachelor of Arts degrees and Master's degree in business administration. The specializations offered include accounting, management, finance, insurance, management of information systems, and marketing. The college also offers the Master of Art in Management program (instruction medium is in Arabic).
- **College of Engineering:** It offers diploma and bachelor's degree programs in various engineering fields such as chemical, mechanical, and electrical. It also offers minors in IT and petroleum engineering.
- **Foundation Program:** DU also offers foundation program for students who are not adequately prepared to take the academic programs at the university. It aims to equip students with the knowledge and skills in English language, study skills, information technology and mathematics that will empower them to pursue higher studies.

### Key Strengths

- First private university in Oman to follow the higher education system of the US.

### Recent Developments/Future Plans

- On October 29, 2015, DU received the National Research Award in the ICT sector from The Research Council (TRC), Muscat.
- On June 02, 2015, DU received its first Faculty-mentored Undergraduate Research Award Program grant for its research titled, "Academic and non-academic predictors of success in college" from TRC, Muscat.

Current Price (US\$) 3.86

Price as on April 28, 2016

### Stock Details

Bloomberg ticker	DHUS OM
52 week high/ low	3.86/3.78
Market Cap (US\$ mn)	54.0
Enterprise value (US\$ mn)	37.7
Shares outstanding (mn)	14.0

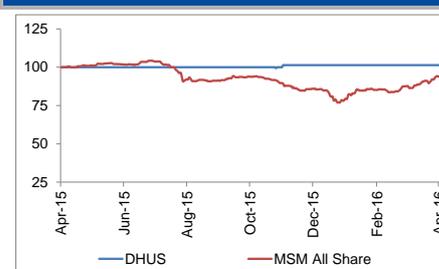
Source: Bloomberg

### Average Daily Turnover ('000)

	OMR	US\$
3M	N/A	N/A
6M	12.2	31.7

Source: Bloomberg

### Share Price Chart



Source: Bloomberg

### Valuation Multiples

	2015	LTM
P/E (x)	9.5	10.8
P/B (x)	1.1	1.1
EV/S (x)	1.0	1.2
Dividend yield (%)	N/A	N/A

Source: Bloomberg

### Shareholding Structure

Sheikh Mustahail bin Ahmad bin Ali Al Mashani	20.35%
DIDIC Holding	18.07%
Youssef Bin Alawi Bin Abdullah	16.32%
Abdul Aziz Bin Mohammed Bin Abdul Aziz Al Rawas	10.79%
Others	34.47%
<b>Total</b>	<b>100.00%</b>

Source: Company Filings



Financial Performance						
US\$ Million	2014 YE Aug	2015 YE Aug	Change (%)	H1 2015	H1 2016	Change (%)
Revenue	27.3	30.0	9.9	15.2	16.2	7.1
Operating Expenses	20.4	24.5	20.1	12.7	14.4	13.4
Operating Income	7.6	6.3	-17.1	3.1	2.5	-19.3
Operating Margin (%)	27.9	20.9		20.2	15.2	
Net Income	7.4	5.7	-23.0	2.8	2.2	-20.7
Net Income Margin (%)	27.2	18.8		18.2	13.5	
Return on Average Equity (%)	18.7	12.2		12.8	9.3	
Return on Average Assets (%)	5.9	4.5		4.0	3.0	

Source: Bloomberg

## Emirates International Schools (Privately Owned)

UAE

### Company Description

Emirates International School (EIS) owns and operates two schools in Dubai providing education from early years to year 13. EIS is a part of the Al Habtoor Group, a UAE-based conglomerate engaged in several businesses globally. The schools offer the entire continuum of IB curriculum. EIS imparts international education to over 3,700 students from different countries and offers extra-curricular activities. The leadership and teaching staff at the two schools have an international experience and come from diversified backgrounds.

### Business Segments/Services Portfolio

- **EIS Jumeirah:** Established in 1991, the school provides education to over 2,100 students from kindergarten to year 13. Students from over 70 countries have enrolled in the school, which are learning IB programs including Primary Years Programme (PYP), Middle Years Programme (MYP), Diploma Program (DP) and Career-related Certificate (CC). EIS Jumeirah was the first school in Dubai to offer the IB DP. The school has more than 85 classrooms, each having a maximum capacity of 25 students. The school is equipped with laboratories, drama rooms, music rooms, examination halls, libraries, swimming pool, and grass sports pitch, among others.
- **EIS Meadows:** Opened in September 2005, the school offers education from kindergarten to year 13 based on the IB curriculum. It offers full continuum of IB programs to more than 1,655 students. The school is equipped with two AstroTurf sports fields, swimming pool, libraries, indoor basketball stadium, IT suites, and prayer rooms, among others.

### Key Strengths

- Backed by the Al Habtoor Group, one of the largest privately-held conglomerates in the UAE.
- Member of the Middle East International Baccalaureate Association, the British Schools in the Middle East Organization and the Near East and South Asia Council of Overseas Schools.
- A huge number of EIS graduates pursue higher education in renowned universities in the UK, the US and Canada.

### Recent Developments/Future Plans

- N/A.

## Fortes Education (Privately Owned)

UAE

### Company Description

Founded in 1993, Fortes Education builds, develops, and manages schools offering education from nursery and kindergarten to grade 13 in Dubai. The institution is a part of Fortis Holdings, a diversified business group founded in the UAE in 1975 and having presence across areas such as real estate, healthcare and fitness, education, construction, trade and investments of financial instruments and securities, and trading of building materials. Fortes Education operates one school, Regent International School, and three nurseries under the brand Jumeirah International Nursery Schools. Currently, Fortes Education schools offers education based on the National Curriculum of England and the IB program, and has future plans to develop schools based on the American curriculum and the Indian CBSE. The company's fee structure varies across the schools depending on the curricula.

### Business Segments/Services Portfolio

- **Regent International School (RIS):** The school offers primary and secondary education up to grade 13, based on the National Curriculum for England. RIS is a member of British Schools in the Middle East.
- **Jumeirah International Nursery Schools (JINS):** JINS is a provider of pre-school and early education in the UAE. The school offers learning and development programs to children between six weeks and four years of age. JINS operates three branches, one each at Al Wasl, Al Safa, and Southridge.  
In addition to the currently operational school and nurseries, the company is developing a new school to accommodate the demand for secondary education.
- **Sunmarke School:** Fortes Education is building its second flagship institution, Sunmarke School, at Jumeirah Village Triangle. With a capacity of 3,000, the school will offer nursery and kindergarten to 13 education based on the British curriculum and the General Certificate of Secondary Education and A level programs.

### Key Strengths

- Over two decades of experience in the development and management of schools and nurseries.
- The company's education institutions are equipped with topnotch facilities and infrastructure.
- RIS is accredited and authorized by Pearson Edexcel - London Examinations and University of Cambridge - International Examinations.
- Consistently rated as a "Good School with Outstanding Features" by the Dubai School Inspection Bureau.

### Recent Developments/Future Plans

- In March 2016, Fortes Education announced its plan to open Sunmarke School in September 2016. JINS will manage the nursery at the new school, and RIS will shift its secondary students to the new school and focus exclusively on provision of Early Year Foundation Stage (EYFS) and primary education. While initially the Sunmarke School will provide education based on the UK curriculum, it proposed to introduce the IB Diploma Program in year 12 and 13 by 2019.
- In September 2015, JINS launched its first bilingual Russian-English Nursery branch at Al Wasl in Dubai.

## GEMS Education (Privately Owned)

UAE

### Company Description

Founded and headquartered in Dubai, GEMS Education opened its first school, Our Own English High School in Dubai in 1968. Formerly known as Global Education Management Systems Limited, GEMS Education operates as a subsidiary of Varkey Group Limited, a diversified holding company. Since establishment, GEMS education has expanded vigorously to become one of the world's leading private organizations providing educational solutions across the globe. The institution caters to more than 100,000 students and offers several curricula through 84 schools in 14 countries, of which 45 schools are in the UAE and two each in Qatar and Saudi Arabia.

### Business Segments/Services Portfolio

- **American Curriculum:** GEMS operates eight schools based on the US curriculum. Covering levels from kindergarten to grade 12, these schools offer the certification of the American High School Diploma upon the successful completion of the final grade. Six schools offering this curriculum are located in the UAE, one in Qatar and two in Saudi Arabia.
- **National Curriculum for England:** GEMS operates 42 schools in several countries based on the British curriculum, of which 21 are in the UAE and one in Qatar. Some of the schools in the UAE are GEMS Cambridge International School (Dubai), GEMS Founders School (Dubai), GEMS Winchester School (Abu Dhabi), and GEMS Metropole School (Dubai).
- **IB Program:** GEMS operates 12 schools under the IB curriculum, offering the PYP, MYP, and DP. Seven of such schools are located in the UAE including GEMS World Academy, Wellington International School, and Dubai American Academy.
- **Indian Curriculum:** The company offers the Indian curriculum through its 30 schools based on the CBSE and the Council for the Indian School Certificate Examinations programs. Of these, 14 schools are based out of the UAE including GEMS Heritage Indian School (Dubai), GEMS Modern Academy (Dubai), GEMS United Indian School (Abu Dhabi) and GEMS Millennium School (Sharjah).
- **EYFS:** GEMS operates four pre-school institutes catering to the age group of three months to five years in Kenya, the US and UK.
- **Dual Curricula:** The company also has schools, which offer a combination of the above curricula. Some of such schools include Dubai American Academy, GEMS Wellington Academy (Dubai Silicon Oasis), and GEMS Modern Academy (Dubai).
- **French Curriculum:** The company offers French curriculum through its two schools, one each in France and Egypt.

### Key Strengths

- Large network of schools globally offering diversified curricula.
- The schools have consistently featured in KHDA's list of outstanding schools and good schools.
- A rich expertise in the education sector of nearly 50 years complemented by its high caliber teaching staff.

### Recent Developments/Future Plans

- In February 2016, GEMS Education announced plans to open seven new schools in 2016 offering variety of curricula. The company will open two Indian CBSE schools in Abu Dhabi and two American curriculum schools and three British curriculum schools in Dubai.

## Indian High School (Privately Owned)

UAE

### Company Description

Established in Dubai in 1961, Indian High School (IHS) operates three schools in Dubai, including the junior campus in Al Garhoud (offering education from pre-primary to grade 4), senior campus in Oud Metha (grade 5 to 12), and Indian International School in Silicon Oasis (grade 1 to 12). The school is recognized by the MoE of Dubai and affiliated with the CBSE, New Delhi.

### Business Segments/Services Portfolio

The school's curriculum comprises of the following:

- **IHS – Junior Campus:** The Junior campus located at Al Garhoud has pre-primary and primary classes for girls and boys. The focus of the curriculum for the pre-primary classes (kindergarten stages 1 and 2) is on developing skills in the areas of motor control, cognitive skills, and curiosity in the tiny tots. The core syllabus comprises subjects of English, mathematics, general knowledge, art & craft. In primary classes (grade 1 to 4), the students are exposed to basic concepts in various subjects including English, Hindi, mathematics, general science, Arabic, art education, social studies, moral science/Islamic studies, computer education, work experience, and physical and health education.
- **IHS – Senior Campus:** The Senior campus offers pre-primary, primary, secondary (grade 5 to 10), and senior secondary (grade 11 to 12) education. The subjects offered at secondary and senior secondary level includes English, Hindi, Arabic, mathematics, general science (physics, chemistry and biology), and social sciences (history/civics, geography, Islamic studies), economics, business studies, and marketing, among others.
- **The Indian International School:** The school offers kindergarten to grade 8 education with focus on project-based curriculum. The core areas of the curriculum comprises of perspectives, critical thinking modules, life skills, social empowerment through work and action, and research projects. It has a combination of formative (40% weightage) and summative (60% weightage) assessment.

### Key Strengths

- The senior campus was recognized as 'Outstanding' and the junior campus as 'Good' by KHDA in academic year 2014-2015.
- More than five decades of experience in the field of education.

### Recent Developments/Future Plans

- In December 2015, IHS announced plans to construct new buildings at its Oud Metha campus in order to increase the number of seats to cater to the long-standing demand by Indian expatriate community. The current campus at Oud Metha has five buildings — Block A, B, C, D and E. The school plans to demolish the A and B blocks and construct a three-storey structure.

## Innoventures Education (Privately Owned)

UAE

### Company Description

Founded in 2014, Innoventures Education (IE) owns and operates nurseries and schools in Dubai. After taking over the management of Raffles Schools and Nurseries in 2010, the company started the Collegiate American School and Burj Daycare Nursery in subsequent years. Currently, IE provides K-12 education to more than 7,700 pupils from over 100 countries through a network of nine nurseries and four schools in Dubai.

### Business Segments/Services Portfolio

- **Dubai International Academy (DIA):** Started in 2005, this school caters to over 2,000 students with a staff of more than 260. DIA offers all the IB programs including PYP, MYP, and DP.
- **Collegiate American School (CAS):** Formed in 2011, CAS provides education to more than 900 students in Dubai. This school offers education from pre-kindergarten to grade 10 based on the American curriculum, in addition to the IB DP.
- **Raffles International School (RIS):** Started in 2007, this school provides education to more than 1,960 students. RIS offers admissions for kindergarten to grade 11 based on the UK-based Cambridge International curriculum including IGCSE and A level programs.
- **Raffles World Academy (RWA):** Opened in 2008, RWA offers a combination of IB and Cambridge International curricula from kindergarten to grade 12.
- **Raffles International School (RIS-Nursery):** Under this brand, IE own and operates eight nurseries at various locations in Dubai and offers two curricula, namely, EYFS and the Montessori program. In all, these nurseries provide education to about 850 students.
- **Burj Daycare Nursery:** This nursery provides education based on the UK's EYFS program.

### Key Strengths

- The company offers diversified curricula.
- Recognized as the International "BIZZ 2014" by World Confederation of Business and won the prestigious Green Flag award by Eco-Schools, UAE.

### Recent Developments/Future Plans

- CAS plans to add grade 11 in the academic year 2016-2017 and grade 12 during 2017-2018. This school also intends to offer the US diploma program, classes for which are scheduled to commence in June 2018.
- IE hosted the prestigious Cambridge Schools conference in the UAE, which focused on providing effective learning in the future. About 400 educators from 41 countries and 5 continents attended the conference.

### **Company Description**

Having started its journey in September 2004, Kings' Dubai currently caters to 855 students in foundation stage 1 to grade 6 and 74 students in grades 7 and 8. Kings' Dubai operates three schools in the UAE. The school recruits teachers, who hold prior experience in the English National curriculum.

### **Business Segments/Services Portfolio**

- **Kings' School Dubai:** This school provides education up to grade 6 based on the English National curriculum and EYFS.
- **Kings' School Nad Al Sheba:** It offers education until grade 6 based on the English National curriculum and EYFS.
- **Kings' School Al Barsha:** It offers education from foundation stage 1 to grade 10 based on the English National curriculum.

### **Key Strengths**

- Received the rating of 'Outstanding' consistently for six years by Dubai Schools Inspection Bureau of the KHDA.
- Adopts a stringent and rigorous recruitment procedure to ensure a high quality of the teaching staff, and conducts quality induction and professional development programs for teachers and learning support staff.

### **Recent Developments/Future Plans**

- In September 2014, Kings' School Al Barsha was opened with courses from foundation stage 1 to grade 9. The school stated plans of extending its courses to grade 13 within two years of its opening.
- Kings' School Nad Al Sheba plans to offer secondary education by September 2016.

### Company Description

Established in 1971, Ma'arif for Education and Training (Ma'arif) operates more than 100 schools all over Saudi Arabia, including Arabic and international. In order to develop students' learning, the company adopts unique academic programs and extra-curricular activities at its schools. Ma'arif also conducts training programs for students, teachers, and management.

### Business Segments/Services Portfolio

- **Schools:** Ma'arif operates a large number of Arabic and international schools. The Arabic schools offer education from pre-school to grade 12 based on the national curriculum. On the other hand, the international schools offer British and American curricula from grade 1 to 6. Manarat Riyadh, Manarat Eastern Province, Al Faisalia Islamic School for Girls, Manarat Jeddah, Manarat Madinah, Green Hills International, Noor Al Islam School and Manarat Al-Ahsa School are some of the schools operated and owned by Ma'arif.
- **Training Projects:** Ma'arif offers various training programs, including academic training targeted at teachers and coaches; specialized training in English, computer science and mathematics; leadership development for the top management leaders; special skills program on time-management, meetings management, conversation, body language and presentation; financial and administrative training for developing financial and administrative skills, and self-development program aimed at developing social and cognitive skills.
- **Smart Education:** Ma'arif arranges Smart Education programs such as Ma'arif learning gateway, Britannica encyclopedia, School management system, Classmate PC and Interactive board for students.
- **Unique Academic Programs:** Ma'arif offers Masarat programs, which emphasize on developing the student's basic skills, career planning and supports the student to spot his/her interests and potential. It also provides Alkharizmi programs, which is an educational mathematical program, designed for children. Ma'arif has also established Life Development Center that train student on interior design, clothes production and marketing. The school also developed an evening kindergarten program for children between the ages of 4-7 year. Programs like Special needs education is also offered by the school for the students who are suffering from learning difficulties and not been able to enroll in regular classes and need help to overcome these difficulties.
- **Academic activities:** Ma'arif also offers academic activities programs like ESL service, Sports programs activities, Science club, Leadership programs and SAT preparation programs to the students.

### Key Strengths

- Ma'arif has over 40 years of experience in the education sector
- Operates over 100 schools and offers various educational programs and trainings.

### Recent Developments/Future Plans

- Ma'arif successfully hosted AdvancED Global Conference KSA 2016, where almost 1,000 participants from various international educational schools and organizations participated.

## Newton International School (Privately Owned)

Qatar

### Company Description

Established in 2007, Newton International School (NIS) is a private educational institution located in Doha, Qatar. NIS owns and operates six schools, four in the Doha city and two in Barwa city. The school provides internationally accepted, comprehensive English medium programs plus Arabic and Islamic studies from pre-school to grade 13.

### Business Segments/Services Portfolio

All schools under NIS follow the National Curriculum of England and Wales alongside the Cambridge International Primary Program. The curriculum is broadly classified as primary and secondary. The primary curriculum is structured into three groups, namely, EYFS (pre-school and reception), Key Stage (KS) 1 (years 1 and 2) and KS2 (years 3 to 6), and the secondary curriculum is split into KS3 (years 7 to 9), KS4 (years 10 and 11) and KS5 (years 12 and 13). The schools operated by NIS include,

- **NIS, D-Ring Road:** Established in September 2007, this school caters to students from pre-school to year 9.
- **NIS, West Bay Doha:** This school offers education from pre-school to year 6.
- **Newton British School:** Located in Doha, this school provides education from pre-school to year 6.
- **NIS, Lagoon:** Based in Doha, this school caters to students from pre-school to year 13.
- **Newton British Academy, Barwa City:** This school offers classes from pre-school to year 9.
- **Newton International Academy, Barwa City:** This school provides education from pre-school to year 13.

The key subjects offered across the NIS schools include English, French, Arabic, Islamic studies, mathematics, science, ICT, history, geography, PE, art & design, PSHE (personal, social & health education) and design & technology. At the AS level, the schools offers subjects such as mathematics, physics, chemistry, biology, and ICT (Edexcel). Extra-curricular activities offered by the schools include Arabic club, creative club, board games, football, music, role-playing games, among others.

### Key Strengths

- Strong presence in Qatar.
- NIS, D-Ring Road is accredited by AdvancED Accreditation Commission.

### Recent Developments/Future Plans

- N/A

## Noor Al Khaleej International School (Privately Owned)

Qatar

### Company Description

Established in 2002, Noor Al Khaleej International School (NAKIS), located in Doha, is a sister school of the Al Noor International School in Bahrain. The school follows the British curriculum offering IGCSE, AS and A Level, as set and regulated by the University of Cambridge Local Examination Syndicate. NAKIS follows the National Standards of Qatar as set by the Supreme Education Council for Arabic and Islamic Studies. In order to facilitate learning and holistic development, the school also takes students on periodic field and educational trips depending upon the requirement of curriculum. The school has one teacher for every 20 students.

### Business Segments/Services Portfolio

NAKIS offers education from kindergarten to grade 12.

- **Kindergarten:** NAKIS offers a two-year kindergarten program that covers learning in the areas of numeracy and literacy. Under this curriculum, learning methods are integrated with activities such as music and games, which helps in the all-round development of students. In addition to lending support to learning, the extra-curricular activities encourage children to participate in talent competitions, sports, field trips and annual day.
- **Primary and Secondary Education:** The school offers education from grade 1 to 10 and AS and A level program. The curriculum covers subjects such as English, Arabic, French, Islamic, mathematics, science, computers, social studies, business studies, accounts, economics, music, art, and PE.

### Key Strengths

- NAKIS provides modern methods of teaching and learning such as smart boards and interactive methods of instruction.
- Recognized and approved as a center for conducting international exams by University of Cambridge Local Examination Syndicate.

### Recent Developments/Future Plans

- N/A

## Repton School (Privately Owned)

UAE

### Company Description

Repton Schools (Repton) in the UAE are associated to the Repton School in the UK. Evolve Knowledge Investments Limited (EKI), one of the leading alternative investment firms in the GCC, partnered with Repton School, UK to offer British independent curriculum education across the GCC region. EKI opened the first school in 2007 in Dubai followed by an addition in Abu Dhabi and Dubai each in September 2013. Repton provides education from nursery to grade 13 at its three schools. The schools offers full range of IGCSE curriculum, the IB Diploma program with a choice of 45 subjects, and the English National curriculum.

### Business Segments/Services Portfolio

- **Repton School, Dubai:** There are two Repton schools in Dubai namely Repton Junior School and Repton Senior School. The Junior School is structured into four departments, including foundation department (nursery and reception), infant department (years 1 and 2), pre-prep department (years 3 and 4), and prep department (years 5 and 6). Repton Senior School curriculum is structured into three departments, including years 7 to 9, years 10 and 11, and years 12 and 13. Repton educates around 2,400 pupils aged from three to 18. Within the campus, the school has facilities including atrium, performing arts center, senior school library, dining hall, sports block, boys' boarding house, music school, among others.
- **Repton School, Abu Dhabi:** This is a day school with a capacity of 2,000 pupils. The campus in Abu Dhabi includes a foundation stage school and a primary school (years 1 to 6). The school offers over 60 extra-curricular activities provided by partners such as Gulf Star, and Kiddy Keys. A senior school (year 7 to 13) is underway within the campus with plans to open by September 2016.
- **Foremarke School, Dubai:** It is a junior school with no formal links to Repton Dubai. With a capacity for 1,200 pupils, the school offers education from the foundation stage to year 6. The Foremarke School is closely affiliated to Foremarke Hall – a Repton pre-preparatory school in the UK, and is one of two Independent Association of Preparatory Schools World Hub Schools.

### Key Strengths

- Sister schools of Repton in Derbyshire, England, which has more than 450 years of education excellence.
- Repton School, Dubai was accredited 'Outstanding' by KHDA in its inspection conducted in March 2015.

### Recent Developments/Future Plans

- N/A

## Skyline University College (Privately Owned)

UAE

### Company Description

Established in 1990, Skyline University College (SUC) provides training and education in the field of management education, travel & tourism, marketing, human resource, information systems, and finance to as many as 1,300 students from 55 countries. SUC has created a niche market for itself in the business management education and training segments. The management programs and trainings offered by SUC are approved and accredited by Ministry of Higher Education and Scientific Research, UAE. It also has agreements with various colleges and universities in Canada, the UK, the US, Australia, New Zealand, Ireland, India, and Pakistan, among others, which enable students to pursue further studies overseas. The institution has also maintained a professional relationship with IATA-UFTAA, Association to Advance Collegiate Schools of Business, Confederation of Tourism and Hospitality, Association of Chartered Certified Accountant, and World Tourism Organization.

### Business Segments/Services Portfolio

- **Bachelor of Business Administration (BBA):** SUC offers BBA programs in marketing & retail management, travel & tourism management, finance, public administration, international business, and information systems.
- **Master of Business Administration (MBA):** SUC's MBA programs offer specialization in marketing, e-governance, finance, human resource management, and strategic management & leadership.
- **English Language Center (ELC):** The center offers English language courses.
- **Centre for Professional Development (CPD):** This program helps professionals to gain further academic expertise in their respective fields.
- **Management Development Program (MDP):** Includes class-training programs related to management in various areas such as strategy planning, actualizing financial planning & consolidation, information technology management, human resource management and brand building & marketing.

The institution also conducts weekend batches for the BBA and MBA programs. The programs conducted during weekend are full time programs with 45 hours of classroom teaching.

### Key Strengths

- Affiliations and professional relationships with various colleges, universities, and associations.
- All the programs and trainings offered are accredited by Ministry of Higher Education and Scientific Research, UAE.

### Recent Developments/Future Plans

- SUC signed a MoU with the Chartered Institute of Management Accountants (CIMA) on February 16, 2016. As per the agreement, SUC would cooperate with the institution to help its students advance in acquiring CIMA professional qualification while pursuing their BBA and MBA programs.
- On February 29, 2016, SUC's Founder President, Mr. Kamal Puri, was recognized "Education CEO of the Year 2016" at the 2016 Indian CEO Awards.

## Taaleem (Privately Owned)

UAE

### Company Description

Taaleem was formed from the merger of Madaares and Beacon Education in 2007. Madaares, the holding company of Taaleem, is an entity jointly owned by the UAE National Bonds Corporation and Government of Dubai. Today, Taaleem owns and operates eleven schools in Dubai, providing nursery to K-12 education based on diversified curricula including British, American, IB, International Primary Curriculum and International Curriculum for Languages and Creative Arts (ICLCA). Taaleem's core activity is developing and managing the early childhood, primary, and secondary schools. It also takes the management contracts from both public and private schools and introduces specialist education initiatives around the world.

### Business Segments/Services Portfolio

Taaleem operates the following schools and pre-schools:

- **Al-Mizhar American Academy:** This school offers American Common Core Curriculum for girls up to K-12 level. The school has accreditation with the New England Association of Schools and Colleges and the Council of International Schools.
- **Dubai British School Jumeirah Park:** It provides education from foundation stage to year 13 based on the National Curriculum for England.
- **Greenfield Community School:** It offers all four IB programs including PYP, MYP, DP and CC for the K-12 segment.
- **Dubai British Foundation:** This school offers British EYFS Curriculum, which is supported by several co-curricular activities for foundation stage 1 and 2 students.
- **Dubai British School:** It provides education from foundation stage to year 13 based on the National Curriculum for England.
- **Jumeira Baccalaureate School:** It offers all the IB programs for K-12 students.
- **Raha International School:** It offers education up to grade 12 based on the IB programs of PYP, MYP and DP.
- **Uptown School:** Uptown School offers three IB program including PYP, MYP and DP for students from pre-kindergarten to grade 12.
- **The Children's Garden Jumeirah:** The pre-school offers the ICLCA curriculum for 2 to 6 years old students and offers tailored multi-lingual as well as music and movement programs. ICLCA is a customized curriculum designed to capitalize on the factors that strengthen children learning.
- **The Children's Garden Barsha:** It offers ICLCA curriculum for 2 to 6 years old students.
- **The Children's Garden Green Community:** This pre-school also offers ICLCA curriculum for 2 to 6 years old students.

### Key Strengths

- Owns and operates a large number of schools and pre-schools.
- The institution is affiliated with international associations.

### Recent Developments/Future Plans

- On April 18, 2016, UAE-based Amanat Holdings – an integrated education and healthcare provider – acquired a 16.0% stake in Madaares for about US\$ 38.0 million.
- Taaleem opened the Dubai British School Jumeirah Park in September 2015.

## Taleb Group (Privately Owned)

Qatar

### Company Description

Incorporated in 1955, the Taleb Group is a diversified business entity with presence in various sectors such as education, trading and contracting, construction, service, manufacturing, and hospitality. Under the education business, the Group operates three schools, namely, Cambridge School, Cambridge International School for Girls, and Doha Modern Indian School. Taleb Group's schools provide education from kindergarten to grade 13 to students from over 50 nationalities. All of the schools are equipped with ICT including student workstations, multimedia projectors, and wireless technology.

### Business Segments/Services Portfolio

- **The Cambridge School (TCS):** TCS offers kindergarten, primary and secondary education until grade 13, based on the National Curriculum for England. The school prepares its students for the IGCSE as well as the AS and A level examinations following the Cambridge International Examinations Board. The school is also equipped with science labs, two art rooms, a music room, two libraries, a sports hall, and a multi-purpose hall.
- **Cambridge International School for Girls (CISG):** The CISG provides kindergarten, primary, and secondary education until year 11 following the National Curriculum for England leading to the IGCSE level and AS and A level examinations. The school also has science labs, art and music rooms, indoor sports hall, gym, swimming pool, tennis court, and sports field, among others.
- **Doha Modern Indian School (DMIS):** Established in 2005, the DMIS offers kindergarten, primary, and secondary education until grade 12 based on the Indian CBSE curriculum. The school prepares its students for the All India Senior School Certificate Examinations. DMIS follows the day boarding system for grade 3 and above. The school falls under the supervision of the Supreme Education Council of Qatar and is the first Indian school to obtain the Qatar National School Accreditation (QNSA). Every class in the school has 25 students on an average with a teacher to student ratio of 1:15. The school also provides a range of extra-curricular activities.

### Key Strengths

- Backing of the diversified Taleb Group lends strong financial support.
- All the three schools are accredited by the QNSA.
- CISG is an accredited center for Cambridge International Examination.

### Recent Developments/Future Plans

- DMIS students represented Qatar in the World Robot Olympiad held during 6<sup>th</sup> to 8<sup>th</sup> November 2015. The event witnessed participation of 3,000 students from 52 countries.

## Technical and Administrative Training Institute LLC (Privately Owned) Oman

### Company Description

Founded in 1993, Technical and Administrative Training Institute LLC (TATI) is one of the leading private training organizations in Oman. Over the years, TATI has grown into a national provider of training from an operator of a small training center in Madinat Al Sultan Qaboos. The institute offers more than 200 training programs in different vocational areas, mainly focused on workforce training and development for both the public and the private sectors. TATI also provides management consultancy and manpower recruitment services. The institute offers training programs for the commercial, construction, oil & gas, retail, sales & distribution sectors.

### Business Segments/Services Portfolio

- **Automotive Training:** TATI's courses include Vehicle Technology-BTEC, UK Extended Diploma Level 3 (2-year course), TATI certification programme in auto mechanic, diesel mechanic, auto electrician, service advisor and pipe welding. TATI is recognized by Edexcel -UK to offer their courses and arrange for UK certification.
- **Business and Commercial Training:** TATI offers commercial training programs for both the public and the private sector organizations, with courses in retail, sales and distribution, customer service, IT, administration, and accountancy, among others.
- **Defensive Driving (DD) Training:** TATI is the sole DD training provider of Petroleum Development Oman (PDO). The DD training courses include classroom-based theory modules, in addition to on-road assessment of current practices and preparing students for the final assessment by SDI-SHEIDA, PDO's standards body. TATI is also a Royal Society for the Prevention of Accidents – UK approved training service provider in DD. It also provides Safe Journey Management training.
- **Engineering Training:** TATI provides certification programs and short courses in the fields of air conditioning repair, sheet metal fabrication, pipe welding, electronics and electrical installation, among others.
- **Manpower Services:** TATI offers manpower services to the Ministry of Manpower as well as the colleges of technology under the ministry. The institute also offers job opportunities in its own training centers.
- **Health Safety and Environment (HSE) Training:** HSE courses enable the employees to recognize and efficiently deal with work place hazards. TATI offers PDO-approved as well as customized HSE training programs.
- **Heavy Goods Vehicle and Plant Equipment (HGVPE) Trainings:** The institute provides HGVPE trainings, which include trailers, mobile cranes, bulldozers, as well as forklifts required in the civil engineering and heavy goods transportation areas.
- **Lift Operations Trainings:** The institute offers a wide range of HGV driver and plant operator training programs. It offers programs with TATI certification for drivers and operators of HGV, fuel and water tankers, cement mixers, dumpers, wheel loaders, and back hoe loaders, among others.
- **Scaffolding trainings:** The institute provides courses on Safe Erection and Dismantling of Scaffolds, Safe Inspection of Scaffolds, Safe Inspection of Scaffolds Complex, Scaffolding Supervisor.

### Key Strengths

- TATI is one of the leading employee training and development institutes in Oman offering a wide spectrum of training programs.
- The only DD training provider contracted by PDO.
- The first institute to become an International Computer Driving License approved training and testing center in Oman.

### Recent Developments/Future Plans

- In March 2015, TATI was accredited by RTITB to provide workplace transport training. The accreditation not only provided credibility to TATI and its employees, but also set a high standard for safety and skill-based training within the Oman oil industry.

## University College of Bahrain (Privately Owned)

Bahrain

### Company Description

Established in 2002, University College of Bahrain (UCB) provides undergraduate programs in the fields of business administration, media and communication, and IT, in addition to an MBA program. UCB also provides specialization in Islamic Finance & Banking through an agreement with the International Islamic University Malaysia in Kuala Lumpur. Further, through a consulting and technical support agreement with the Regional External Programs at the American University of Beirut, UCB gets assistance in developing its academic programs as well as improving quality standards. UCB is licensed by the MoE of the Kingdom of Bahrain. Overall, UCB has produced over 700 graduates across its courses.

### Business Segments/Services Portfolio

UCB offers several courses through the below three departments:

- **Department of Business Administration:** Under this department, the university offers Bachelor of Science (B.Sc.) in Business Administration and MBA degrees.
- **Department of Information Technology:** This department offers B.Sc. in IT. It offers IT courses in the areas of internet technology, computer networks, computer-based systems, web-application design, computer security, databases, data communications, application development, and programming.
- **Department of Media & Communication:** This department offers Bachelor of Arts degree in communication & multimedia with specializations in Graphic Design and Multimedia. The Graphic Design course spans over a period of four years and provides exposure to printed publications, visual communication, corporate designs, digital media, packaging, advertising, and color studies, among others. The multimedia courses covers a variety of communication mediums including pictures, text, sounds, music, videos, audio, animation, films, and the browser support for fonts, colors, text, formatting, and style.

### Key Strengths

- The degrees provided by UCB are recognized for securing admission in postgraduate programs in North America and the UK.

### Recent Developments/Future Plans

- In February 2016, UCB announced that it had entered into a partnership with Ellucian, the global leading provider of higher education software and services, to implement Ellucian Quercus, a cloud-based student administration system, which will allow the institute to complete administration tasks in a more effective way.
- In January 2016, UCB entered into a strategic partnership with Aafaq Education LCC, a private company specialized in managing and investing in educational institutions, to offer Executive Master's degree in Islamic Finance with an aim to support Islamic finance industry with elite human resources.

## For any query regarding this report, please contact:

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If you have interest in this document, please note that further documentation will be required.



**Dubai Investment Park Development Company LLC**  
 (A wholly owned subsidiary of Dubai Investments PJSC)  
 Rated 'BB with Stable Outlook' by Standard & Poor's

**US\$ 300,000,000**  
 Debut Sukuk Offering - 5 years

Joint Lead Managers





Financial Advisor




**AL Bayan Group of Companies**  
 Sale of 100% Equity stake in the water bottle manufacturing, purification and distribution business.




to

**Agthia Group PJSC**



Financial Advisor




**Dubai Aerospace Enterprise (DAE) Limited**

**US\$ 230,000,000**  
 Commodity Murabaha Financing

Financial Advisor




**US\$ 69,000,000**  
 Term Facility

Lender of Record



Asian Development Bank

Mandated Lead Arrangers




Participants





Financial Advisor



**JET AIRWAYS**

**Jet Airways (India) Limited**  
**US\$ 150,000,000**

Dual Currency Syndicated Term Loan Facility

Mandated Lead Arranger, Book Runner and Agent



Mandated Lead Arranger




Lead Arrangers




Financial Advisor



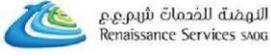

**Strategic Joint Venture**  
 Rice Processing and Pulses Milling Facility at Port of Sohar, Oman

Joint Venture Partners




Sohar Cluster Food Company | Al Mada Project Management Company LLC

Financial Advisor

**Renaissance International Limited**  
 (A wholly owned subsidiary of Renaissance Services SAOG)

**US\$ 125,000,000**  
 Dual Currency Subordinated Perpetual Bond Issuance

Joint Lead Managers





Financial Advisor




**Amrit Group**  
 Sale of Edible Oils & Fats Business to

**BUNGE**

**Bunge India Private Limited**  
**US\$ 80,000,000**

Financial Advisor



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