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Education Plus

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GCC EDUCATION ECOSYSTEMS: A BRIEF OVERVIEW

Education is among the most important pillars to develop a sustainable environmental, and for economic and social development. As the Gulf Cooperation Countries look to diversify their economy and expand into a wide range of segments, the need for educated and skilled workforce is critical.

Data shows nearly 22 per cent of the population under the age of 24 years is residing in the GCC and the entire region is set to transition into their most productive years soon. Home to one of the youngest populations in the world, the GCC nations need to actively align their future goals with education strategy and investment in a future-ready generation.

Saudi Arabia:

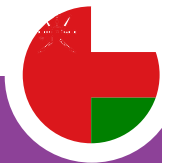
A fundamental part of Saudi Vision 2030 program, which aims to build a thriving economy, is to improve the access and quality of education. Nearly 70 per cent of the Kingdom's population is under 30 years old, making education and future job creation a crucial aspect.

The Kingdom, recognizing the importance of investing in skilled generation, has allocated 193 billion Riyals or 16 per cent of its annual budget in 2020.



Oman:

The Gulf nation allocated a total of 40 per cent of its annual public spending to education, healthcare, housing and social welfare in 2020 Budget. As the Sultanate undergoes a transitional period of moving away from an oil dependent economy to diversification, educational reforms become critical. Under Oman's National Strategy for Education 2040, a National Training Fund has been established to bridge the skills gap between education and job market needs through human capacity-building, and as part of the government's policy to enhance the skills of Omani job-seekers.



Bahrain:

In Bahrain, the education sector has largely benefitted from an expansion system where the rising number of school, universities and institutes target improving the quality across all levels. In 2017, the country spent 2.3272 per cent of total GDP on education, as per World Bank data.

Investment in education sector has been steadily rising in this country with a growing demand for private systems. Last decade saw many private and foreign players enter the domain from nursery level to postgraduate study including British University of Bahrain and the American University of Bahrain.

Bahrain is looking to do more to create and nurture a culture of innovative research that could, in turn, create new employment opportunities for the Kingdom's residents in a variety of enterprises.

Kuwait:

New Kuwait 2035 plan prioritizes education reform and revitalization as an important policy pillar. In 2018-19, the country allocated KD 2.2 billion to its Ministry of Education, up 22 per cent from the KD 1.8 billion in 2017-18. Education spending accounted for 11 per cent of the total annual budget of KD 20 billion in 2019.

Kuwait has adopted a two-pronged policy to reform education system: firstly, by introducing changes at public sector to improve national standards of teaching and student assessment; and secondly, allowing privatization in education sector to meet the increasing demand for high quality education.

United Arab Emirates:

In its 2019 Federal budget, the UAE allocated AED 10.25 billion or 17 per cent out of AED 60.3 billion to education development. In 2020, the state increased that spending to AED 10.4 billion, implying its continued focus on the sector.

EXHIBIT 1:
GCC Population below 15 years (mn)

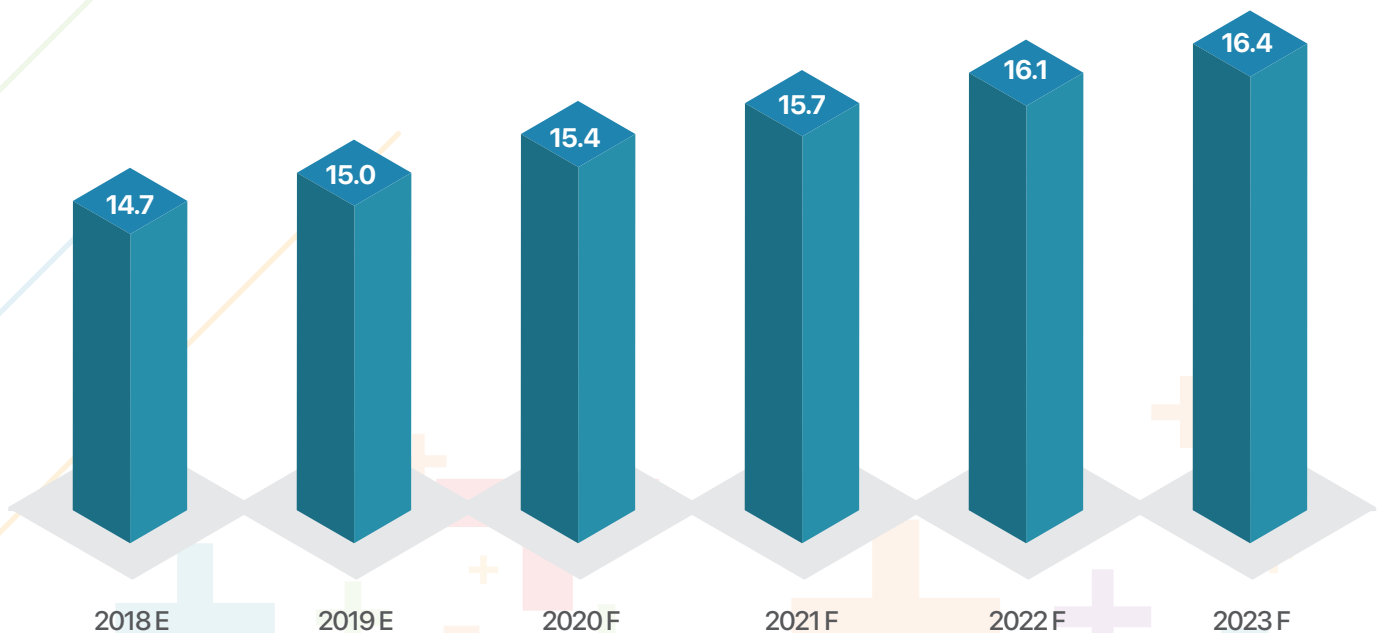


EXHIBIT 2:
GCC Enrollment Trends - Total Enrollments

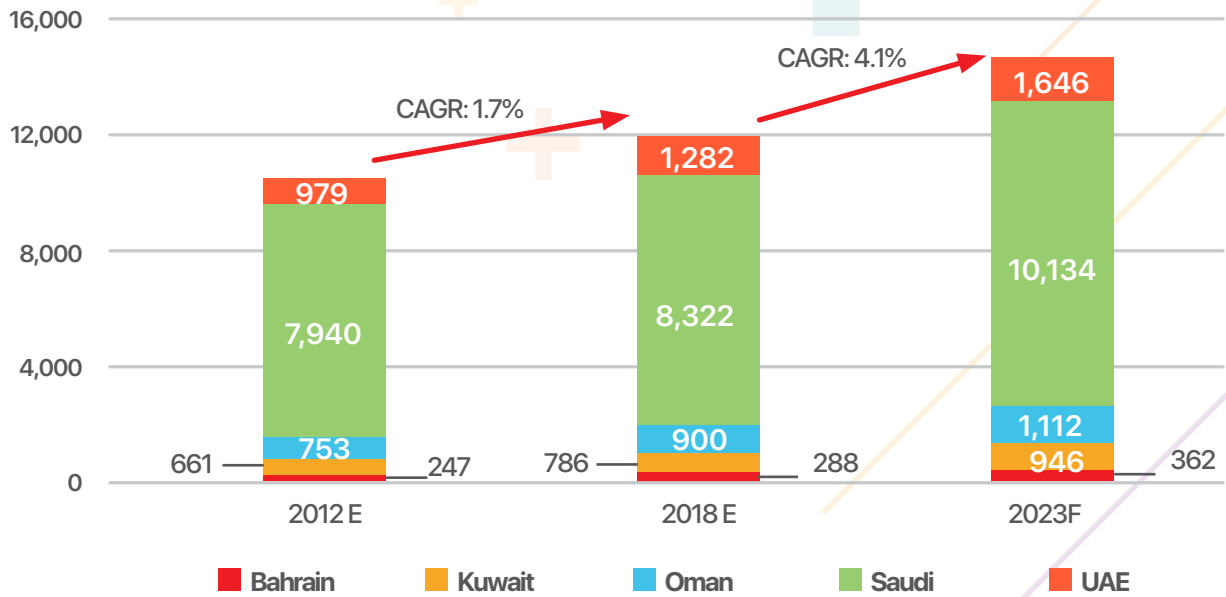
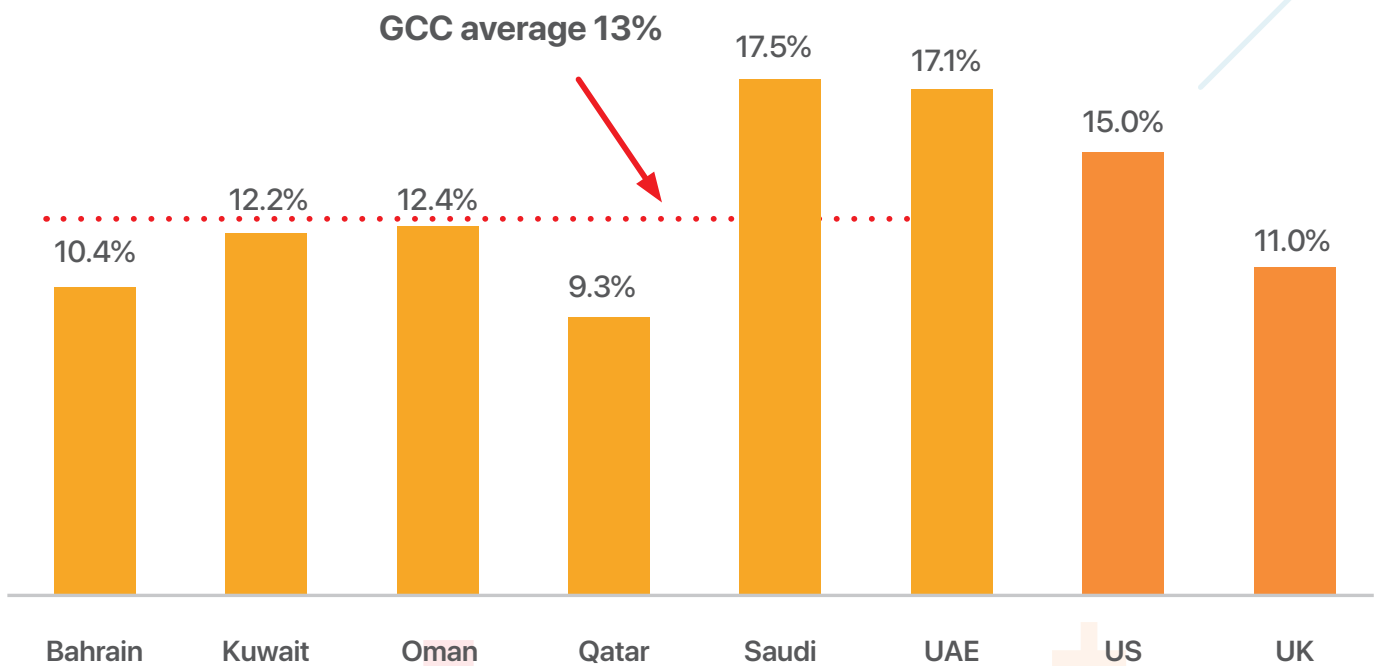


EXHIBIT 3:
GCC Government Education Budgets for 2019 (% of Govt. Expenditure)



GCC Education Market still a Magnet for Investors?

Middle East education market is expected to grow with a Compound annual growth rate **(CAGR) of 10 per cent from 2018 to 2023**, with Saudi Arabia anticipated to have the highest share, followed by the UAE. The private education segment is expected to occupy the top position in Middle East education market.

A study by Boston Consulting Group (BCG), says the GCC K-12 private education market will touch **\$26 billion by 2023**, offering excellent investment opportunities. Some of the key factors that make the region's K-12 opportunity highly attractive are favorable government regulatory environments, affordability of quality education and thriving local and expat populations.

Across the GCC, the private education market is becoming a magnet for investors, and rightly so, as it is expected to double over the next five years. Despite the fact that strong growth has been predicted across the region, investors must fine-tune their strategies to account for the shifting circumstances before committing to an investment opportunity.

With several emerging factors such as penetration of internet and digital setups, rise of working executives, the online education or e-learning markets expected to expand at a **CAGR of 15.2 per cent from 2016 to 2023**.

The UAE is expected to lead the online edumarket with a large presence of private players i.e. 65 per cent in the Middle-East. Saudi Arabia will also show a rapid growth due to governmental initiatives in education sector to improve the quality of education by adopting online education and e-learning.

Sources:

EXHIBIT 1: IMF, World Bank

EXHIBIT 2: UNESCO, Statistics authorities of respective countries, GFH Analysis.

EXHIBIT 3: Ministry of Finance & Ministry of Education of Respective Countries