



QATAR EDUCATION SECTOR OUTLOOK 2020

9 November 2020

EDUCATION SECTOR OVERVIEW 2020



INTRODUCTION

This education sector overview (“**Overview**”) has been prepared by Consulting HAUS LLC and seeks to provide a summarized view of the education sector in Qatar based on information collected from various published sources such as the Planning and Statistics Authority (“**PSA**”) and information gathered via primary market interviews with a cross section of market participants in Qatar.

After assessing the various sources of data, and taking into consideration the primary market research, the Overview concludes upon the market opportunity for education projects in the coming years.

The spread of COVID-19 could potentially impact the future outlook of the economy. The extent of any impact is currently impossible to quantify and as such has not been considered as part of the Overview. Users are encouraged to undertake their own independent research before making any investment-related decisions based on the content of the Overview.

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AN INTRODUCTION TO CONSULTING HAUS LLC

CONSULTING HAUS LLC IN QATAR

Consulting HAUS LLC is Qatar's only boutique corporate finance firm with a focus on supporting SME's, large corporates and family businesses. Since our establishment, we have overseen the successful delivery of several strategic engagements including:

- The provision of project management services to the founding board of a bank;
- Being appointed as sell side advisors to several market leading companies operating in various sectors including healthcare, education and manufacturing;
- Supporting clients with their IPO aspirations, setting IPO strategies and providing IPO related valuation reports. We are one of only 9 advisory firms in the country who currently hold a QFMA license enabling us to work with listed companies and companies who have aspirations to be listed.
- Successfully raising and/or restructuring debt to ease cash pressure on our clients businesses; and
- Supporting successful Tawteen applicants to prepare detailed market, technical and financial feasibility studies.

In 2020, our focus will remain on maximizing the value of our clients' businesses by providing hands on support and being seen as an extension to our clients' management teams.



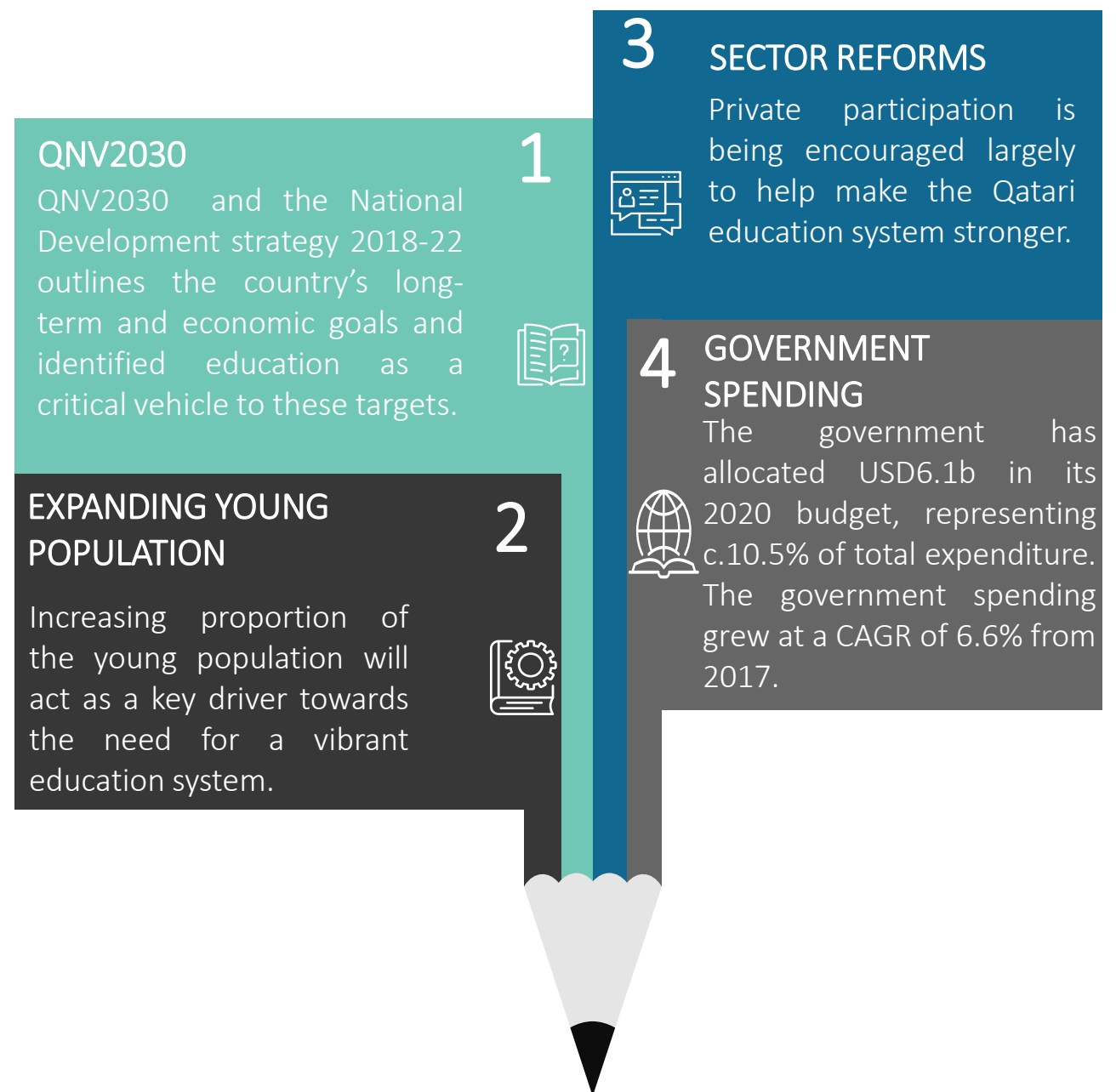
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GOVERNMENTAL SPENDING ON EDUCATION IS ESTIMATED AT 10.5% OF TOTAL EXPENDITURE IN 2020 AND IS EXPECTED TO INCREASE OVER THE SHORT TO MEDIUM TERM...

OVERVIEW

- The Qatari government has prioritized the development of the education sector in Qatar, which is important to support the economic diversification and the goal to become an education hub in the region. The rapid growth in the demand for education is also fueled by the rise in the number of expatriate population.
- The Qatar National Vision 2030 (“QNV2030”) aims at transforming Qatar into a knowledge-based economy by developing human resources through education and training policies focused towards national needs.
- As part of QNV2030, the Ministry of Education and Higher Education (“MOEHE”) plans to provide continued financial and human resource support to advance education for the purpose of sustainable development. This has attracted a number of private sector participants (such as international operators) to establish private schools.
- In January 2019, the government announced a number of PPP packages (design, build, finance, operate and maintain) in relation to the establishment of 45 new schools by 2023. Qatar’s spending towards education has increased at a CAGR of c.6.6% between the period 2017 and 2020 from USD5.0b to USD6.1b.
- The country is witnessing a shift towards the increasing preference of private education, which results in the influx of international institutions offering diverse curricula and in turn is beneficial for both the local and expat populations.

KEY DRIVERS OF QATAR EDUCATION SECTOR



Source: PSA, QNV2030,MOF

GOVERNMENTAL INITIATIVES, COUPLED WITH GROWING DEMAND FOR HIGH QUALITY EDUCATION AND INCREASING POPULATION MAKES THE SECTOR ATTRACTIVE TO INVESTORS...

GROWTH DRIVERS



GOVERNMENT PRIORITIES

Qatar's priorities include establishing new K-12 private schools and universities, as well as training and vocational centers.



FDI LAW

100% ownership by individuals or companies for establishing and operating educational institutions is permissible. Investors can benefit from incentives such as securing land, exempt from import duties and other incentives as stipulated in Law no.(1) of 2019 regulating the investment of non-Qatari capital in economic activity.



BRAND

Strong demand still exist for reputable international schools offering high quality of education



VARIETIES OF CURRICULA

Growing market for international private schools at all educational levels. School operators are able to set their own curricula.



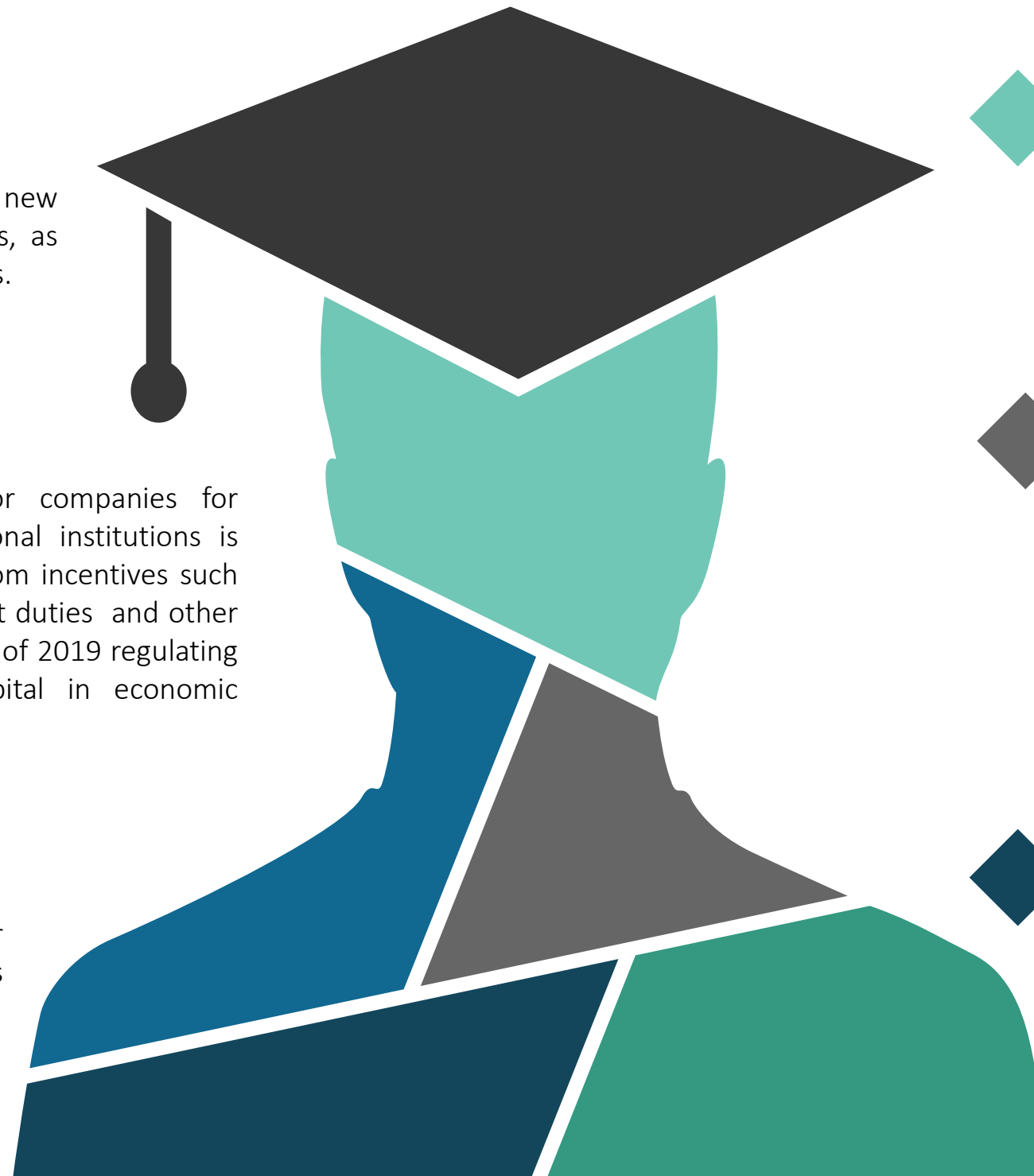
INCREASING SCHOOL GOING POPULATION

During the academic year (2018/2019) there were total of 195,973 students that attended private schools and on an overall basis the school going population grew at a CAGR of 4.3% between 2017 and 2019.



VOUCHER SYSTEM

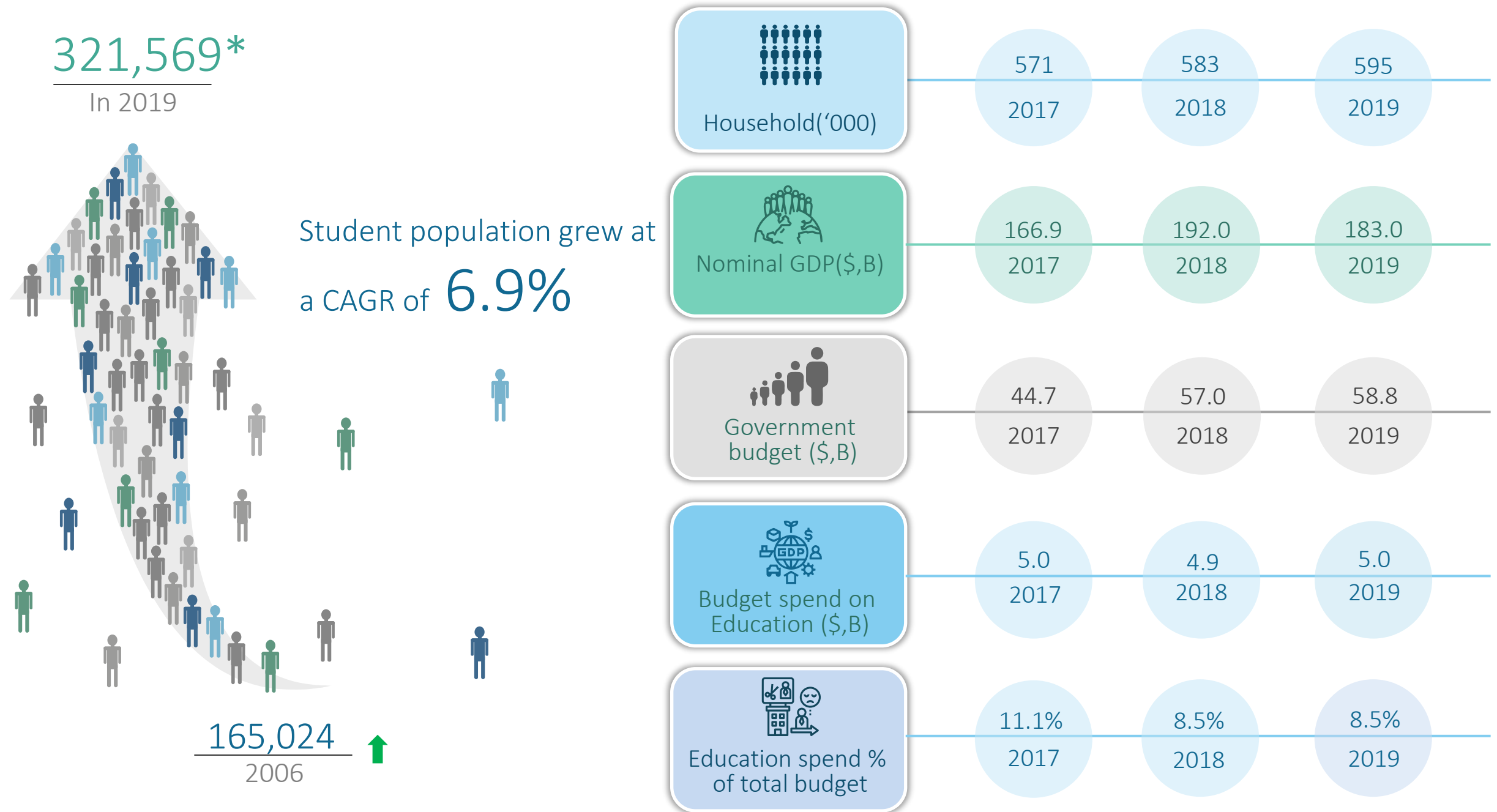
All Qatari students who attend a licensed K-12 private school in Qatar are eligible for an educational voucher from the government



THE STUDENT POPULATION NEARLY DOUBLED BETWEEN 2009 AND 2020 AND THE GROWTH IS BACKED BY THE INCREASING EXPATRIATE POPULATION...

DEMOGRAPHIC PROFILE

According to official figures, the country's population reached approximately 2.7m at the end of 2018, up from as little as 1.0m in 2006. The growth was largely driven by a large influx of expatriates who account for approximately 90.0% of Qatar's economically active population. The rapid population growth is driving the increase in school age population and growth in number of private schools.



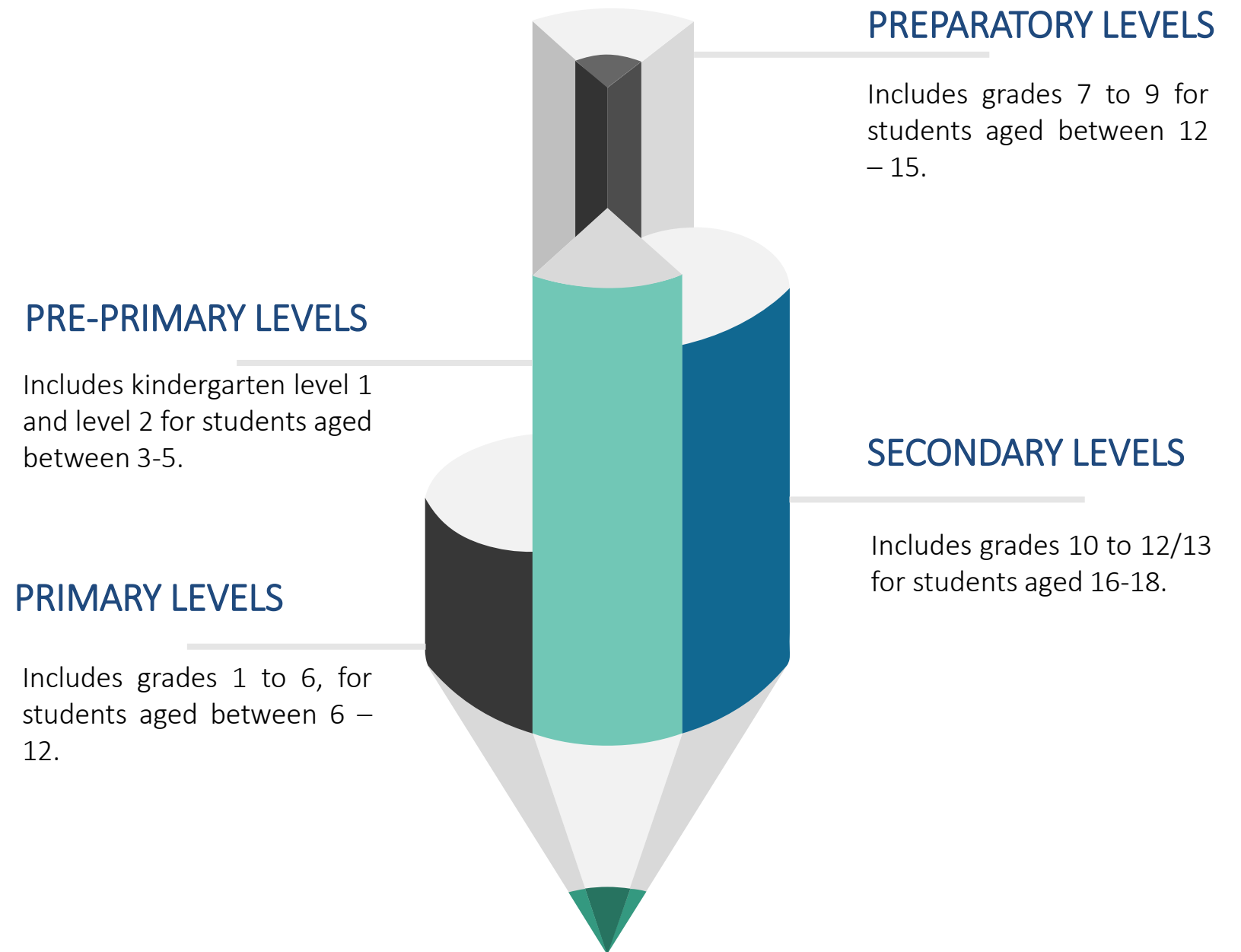
*Includes 4,328 pupil attending nurseries,.

THE BASIC EDUCATION SYSTEM IN QATAR IS CATEGORIZED IN FOUR LEVELS AND ON AN OVERALL BASIS PREPRIMARY AND PRIMARY ARE THE HIGHEST IN DEMAND...

EDUCATION SYSTEM IN QATAR

- The State of Qatar is placing emphasis on education by bringing reforms, making investments and encouraging PPPs. The vision of the education sector is aligned with the goals of QNV2030 which seeks to transform Qatar into an advanced society capable of sustaining its development and providing high standard of living to citizens and residents alike.
- Qatar's schools can be split into independent publicly financed schools (i.e. public or independent schools) or privately owned and operated schools.
- According to the MOEHE, during the academic year 2018/2019 there are a total of 601 schools in Qatar, of which 262 are public schools, 322 are private schools and the remaining 17 relate to special education schools. The vast majority of the students in public schools are Qatari.

SCHOOL LEVELS IN QATAR



DESPITE THE OVERALL POPULATION OF QATAR BEING PREDOMINANTLY MALE, THE SCHOOL GOING POPULATION IS BALANCED WITH 51.1% MALE TO 48.9% FEMALE STUDENTS...

STUDENT DISTRIBUTION IN QATAR SCHOOLS



Based on the latest statistics published by the MOEHE for the academic year 2018/2019, there are a total of 901 school levels in Qatar with a total number of 13,411 classrooms catering to 317,221 students (excluding nurseries).

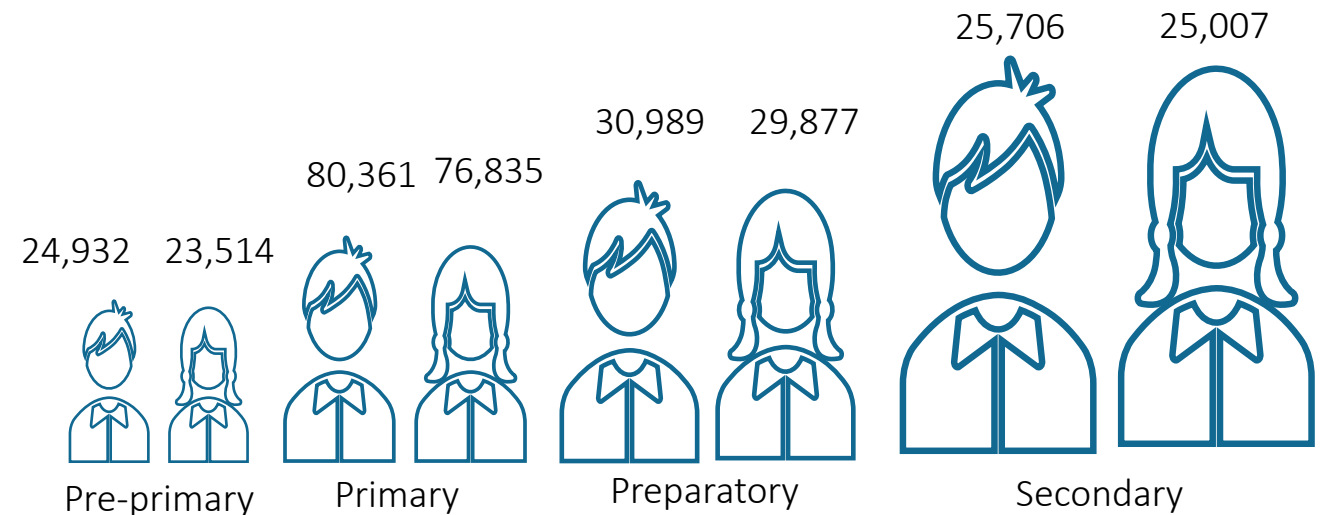


Based on the statistics, 85.3% of the population within the age bracket of 3-18 are attending schools. The remaining 14.7% are either unable to attend schools due to disabilities, attending special education schools, have home schooling or have other special circumstances.

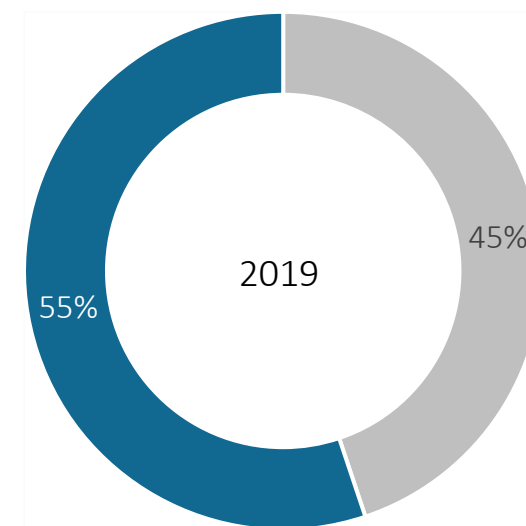


51.1% of the total school going population are male students and remaining 48.9% are female students.

STUDENTS SPLIT BY GENDER IN QATAR SCHOOLS (2019)

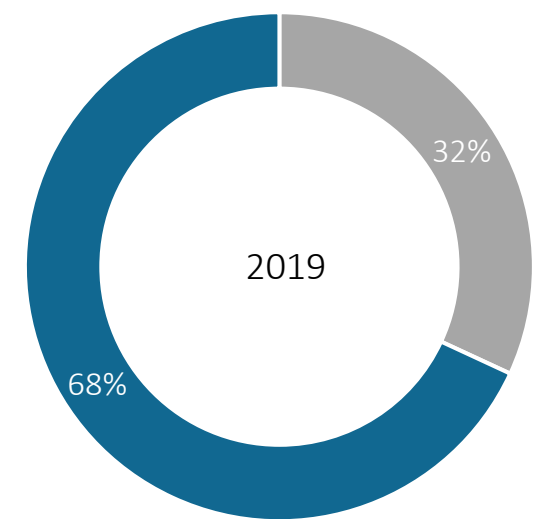


PUBLIC VS PRIVATE SCHOOLS



■ Public schools ■ Private schools

STUDENT SPLIT QATARI VS NON-QATARI



■ Qatari ■ Non-Qatari

ON AN OVERALL BASIS, CLASSROOMS ARE FULL OR ALMOST FULL ACROSS THE BOARD WITH PRE-PRIMARY AND PRIMARY BEING THE HIGHEST IN DEMAND...

STUDENTS AND SCHOOLS DISTRIBUTION AT DIFFERENT EDUCATION LEVELS (2019)

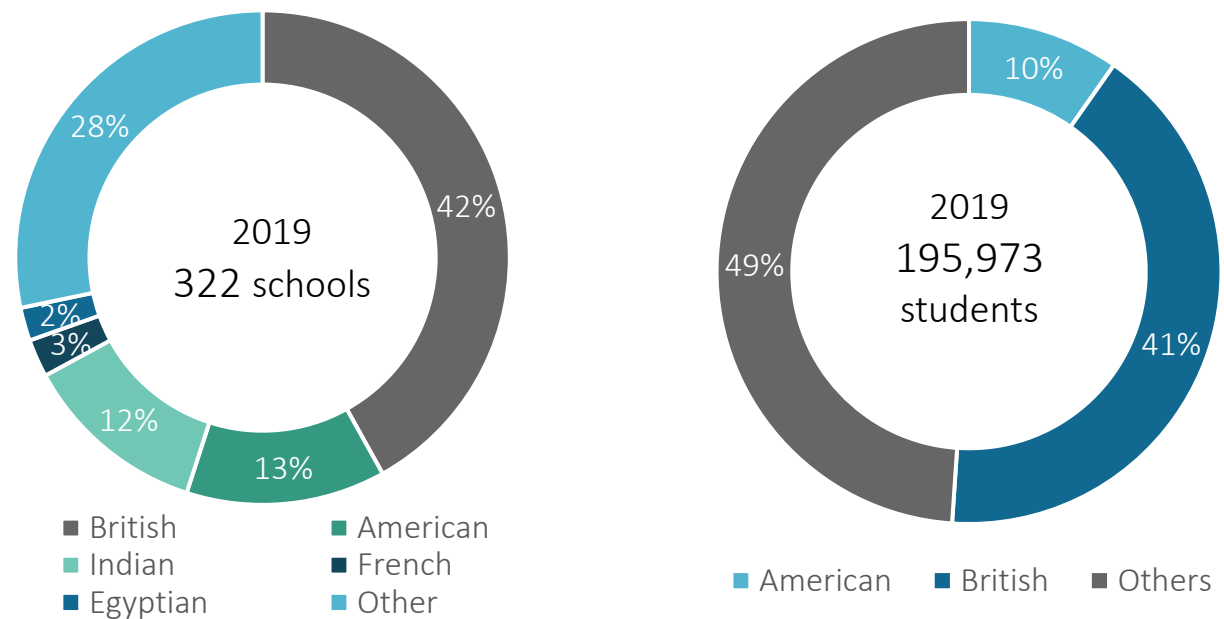
Education level	Age group	Total school levels	Total students(a)	Total classrooms(b)	Students/class (a/b)	Student per teacher	MOE standard	Average utilization (%)
Pre-Primary	3-5	289	48,446	2,280	21	14.8	20	105%
Primary	6-12	286	157,196	6,416	25	12.1	25	100%
Preparatory	12-15	177	60,866	2,510	24	11.6	25	96%
Secondary	16-18	149	50,713	2,205	23	10.3	25	92%
Total		901	317,221	13,411				91.5%

Source: MOEHE, 2018

PRIVATE SCHOOLS IN QATAR

- Private schools in Qatar offer multiple curriculums and the adjacent chart illustrates the various curriculums on offer. Among them, British curriculum is most preferred, followed by the American and then Indian curriculums.
- The preference towards the British curriculum is mainly due to the perceived quality of education. Based on the latest education report released by Parthenon, 76.0% of parents believed that the British curriculum facilitates the admission of their children into reputable universities in western countries. Furthermore, 21.0% of parents believed that the global availability of the British curriculum makes it easier to admit their children in new schools should they re-locate to another country.

PRIVATE SCHOOLS SPLIT BY CURRICULUM AND STUDENTS IN QATAR (2019)

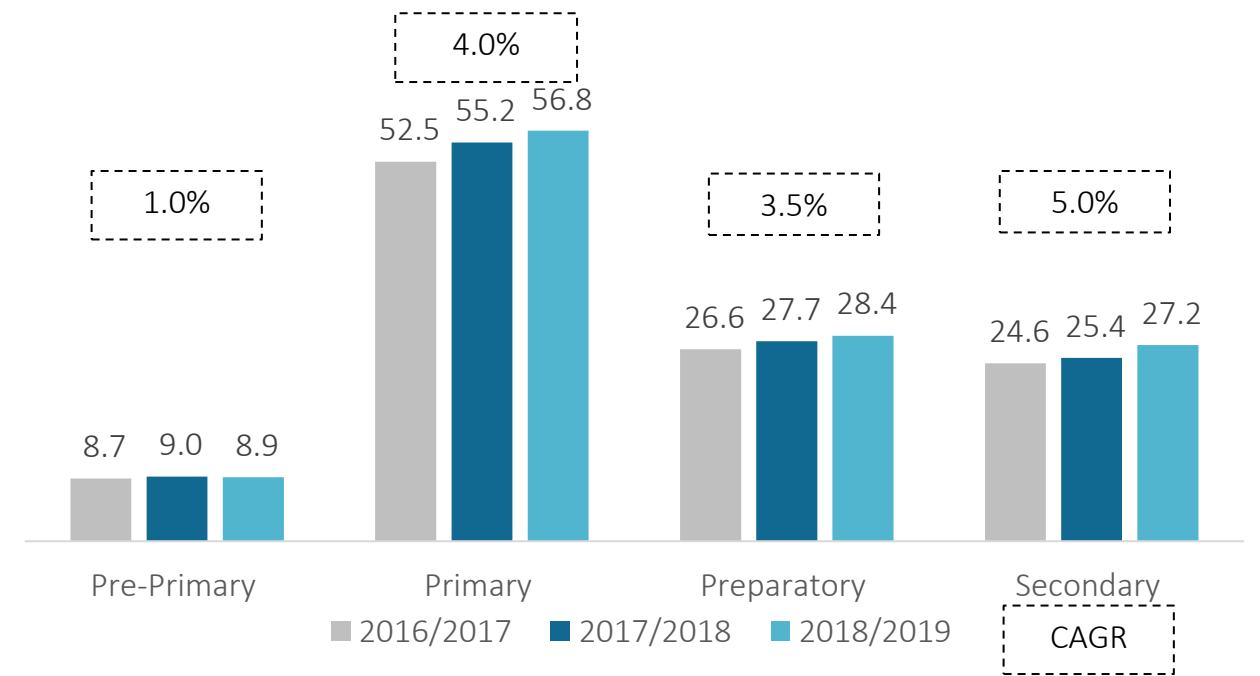


THE SECONDARY SCHOOL LEVEL WITNESSED THE HIGHEST ENROLMENT GROWTH RATE IN BOTH PUBLIC AND PRIVATE SCHOOLS...

STUDENT ENROLMENTS IN QATAR

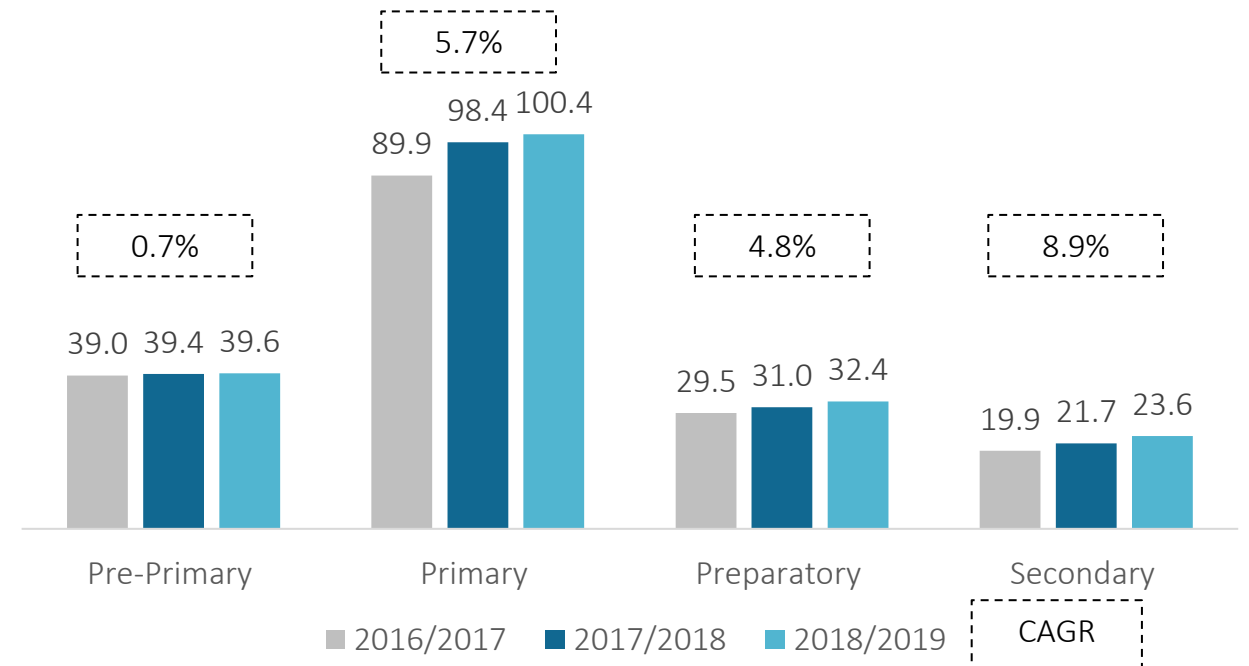
- Total student enrollments in Qatar increased from 290,666 during the academic year 2016/2017 to 317,221 students in 2018/2019 representing a CAGR of 4.3%.
- The highest enrollment numbers are at the primary level, however, it is the secondary level that witnessed the highest growth rates across the last 3 years. This is largely the natural result of the primary level students getting older.
- Growth in secondary level enrollments witness an overall CAGR of 6.8% between 2016/2017 and 2018/2019. This growth was underpinned by a 5.0% CAGR in secondary level enrolments in public schools and an 8.9% CAGR in secondary level enrollments in private schools.
- The government’s PPP initiatives recognize the increasing demand for secondary schools with each of the 6 announced PPP packages consisting of 4 secondary schools, 2 preparatory schools and 2 primary schools.

STUDENT ENROLMENTS ('000) IN QATAR PUBLIC SCHOOLS



Source: MDPS2018, & MOEHE, 2018

STUDENT ENROLMENTS ('000) IN QATAR PRIVATE SCHOOLS

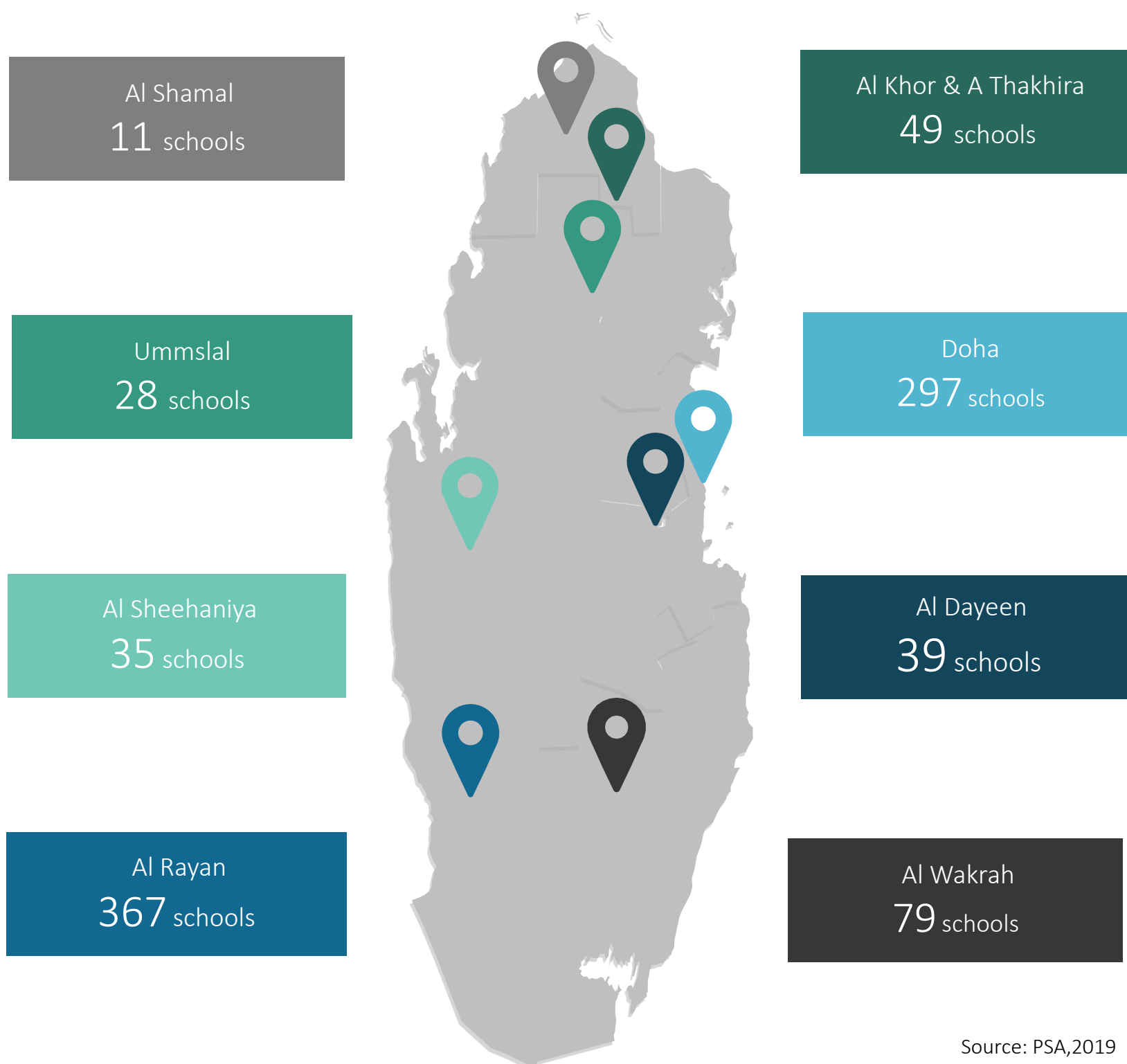


Source: MDPS2018, & MOEHE, 2018

THE HIGH CONCENTRATION OF POPULATION AND PROXIMITY TO BUSINESS LOCATIONS MAKES AL RAYAN AND DOHA THE MOST PREFERRED LOCATION, BUT THE TREND IS SHIFTING TO AL WAKRAH...

DISTRIBUTION OF SCHOOLS BY MUNICIPALITY

- Of the total schools in Qatar, 40.5% are in Al Rayan, 32.8% are in Doha, 8.7% are in Al Wakrah and the remaining 18.0% are spread across other municipalities.
- The high concentration of population and office locations in Al Rayan, Doha and Al Wakrah are the main reasons that these municipalities have the highest concentration of schools which are anticipated to continue growing.
- The Ministry of Municipality has allotted plots for developing 8 new schools in 2019 as part of the PPP initiatives. Three schools will be established in Al Wakrah, two schools in Ummslal and three in Al Dayeen municipality. The 8 new schools are forecast to be in operation from September 2021.
- The adjacent chart details the number of school levels in operational in the various municipalities for the academic years 2018/2019.
- Many schools operate more than one level therefore a K-12 school will be classified as 4 levels (rather than one school);
- An existing school that opens a new education level (e.g. a primary school opening a secondary level) will be counted as a new additional level being added to the supply in that particular year; and
- A new school opening offering more than one level of education will be classified by the number of levels it operates (e.g. a school offering pre-primary and primary will account for 2 new levels rather than one new school).



Source: PSA, 2019

QATAR'S ROBUST ECONOMY HAS ENABLED A HEAVY INVESTMENT IN THE DEVELOPMENT OF THE EDUCATION SECTOR...



STRENGTHS

- The government is committed to the development of education sector which is considered important in achieving economic diversification.
- Qatar is taking strategic initiatives to develop the education sector in an attempt to make it one the most advanced in the region.
- High presence of foreign universities and schools partly due to funding from the Qatari government have also contributed to the improvement of the quality of education. The nation is ranked 37th amongst 137 nation in terms of Higher Education and Training as per "The Global Competitiveness Report 2017–2018"



WEAKNESSES

- The shortage of teachers is a major challenge which is expected to become severe in the years to come. High costs of living in Qatar and rising demand for teachers in their home countries continues to restrain the retention of experienced personnel.
- Many of the schools fall below the levels expected by the MOEHE and this is an area which the government is currently trying to address.



OPPORTUNITIES

- QNV2030 aims to bring changes in the education system through change in the curriculum of the universities, implementation of online learning portals, increasing the number of universities and providing various courses
- The government is allotting lands to private players on large scale for the construction of school projects which expects to add 50,000 seats by 2022.
- Government through its PPP initiatives are attracting private investors .



THREATS

- MoEHE's rule stating that only those private schools facing financial losses will be allowed to increase the fees, could discourage potential new entrants (including foreign firms) from setting up schools in the country.
- Competition is mainly centered around the mid/low segment of schools. Mid/low tier schools have witnessed an erosion in students numbers when new supply comes online.

THE INCREASING DEMAND COUPLED WITH THE GOVERNMENT'S PLANNED INITIATIVES TO INCREASE PRIVATE SECTOR PARTICIPATION WILL GIVE RISE TO INVESTMENT OPPORTUNITIES GOING FORWARD...



CONCLUSIONS

- The education sector is expected to witness sustainable growth in the coming years supported by favorable governmental initiatives. The demand for private schools is increasing due to the increase in the school going population.
- The government has announced 6 PPP packages each package having 6-8 schools with a capacity to cater 750 students per school. All 6 packages are expected to be delivered by 2023.
- Total student enrollments in Qatar increased from 290,666 during the academic year 2016/2017 to 317,221 students in 2018/2019 representing a CAGR of 4.3%. Between the academic year 2017/2018 and 2018/2019, enrollments grew by 2.9% against a comparable growth in population of 1.9%.
- The highest enrollment numbers are at the primary level however, it is the secondary level that witnessed the highest growth rates across the last 3 years. This is largely the natural result of the primary level students getting older. Secondary level enrollment witnessed an overall CAGR of 6.8% between 2017 and 2019.
- Going forward, Qatar's private school market is forecasted to reach USD2.4b by 2023 from USD1.4b in 2016. The growth will happen on the back of increasing school-age population, enrolment and tuition fees as well as growing preference towards private schools.
- Overall, the foundations required to ensure growth in the education sector are now in place. Investors are keenly assessing the potential of the sector which offers attractive returns, pay back periods and is largely immune to downturns in the economy.

