Qatar Education Industry

Industry Analysis

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Table of Contents

1. Qatar Education Industry Overview: 3
1.1. Qatar Education System Framework: 4
1.2. Types of Schools: 6
1.3. Regulatory Framework: 6
2. Industry Challenges: 7
2.1. Shortage of Teachers and Education Staff: 7
2.2. Student Preference to go Abroad: 7
2.3. Education fit for future: 8
2.4. Excess supply of schools: 8
3. Industry Growth Factors 8
3.1. Population Growth: 9
3.2. High per capita income: 9
3.3. Government Initiatives: 10
3.4. Increased Participation of the Private Sector 10
4. Industry Outlook: 11
5. References 13

1. Qatar Education Industry Overview

Economic activity in Qatar is expected to improve in 2019 with a GDP growth of 2.8%, supported by improving energy prices, government spending for the 2022 FIFA World Cup and 2030 National Vision. Moreover, the fiscal balance is also anticipated to improve to 2.9% in 2019. Economic growth and fiscal position of the government has a direct bearing on the education sector as it leads to greater availability of funds. Furthermore, development of education sector also plays an important role in achieving the economic diversification strategy of the country (Capital, 2018). Qatar is investing a large portion of its hydrocarbon revenues in human capital. Education sector reforms were initiated over a decade ago as its development would be vital in meeting the objectives mapped out in the long-term strategy, known as the Qatar National Vision 2030 (Lahreche, 2018).

The quality of education in Qatar has continued to maintain its high standards, ranking among the highest in almost all education parameters for 2017-2018. The establishment of international schools in Qatar fueled by an increase in demand for private schools has facilitated access to high-quality education and has led to an improvement in education infrastructure across the country (John, 2018). As per the 2017-2018 Global Competitiveness Report, Qatar ranked 5th for its quality of higher education and training, 10th for quality of primary education, and 6th for the quality of its higher education and training (see Exhibit 1). A group of 140 countries were considered for this assessment. Moreover, Qatar continued to remain the highest performer in the fields of primary and higher education segments compared to other GCC nations (Capital, 2018).

Exhibit 1: Qatar Ranking – Quality of Education

Parameters	Rank (2017-2018)
Quality of primary education	10
Quality of the education system (higher education & training)	5
Quality of math and science education	6
Quality of management schools	7
Internet access in schools	19
Availability of specialized training services	22
Extent of staff training	14

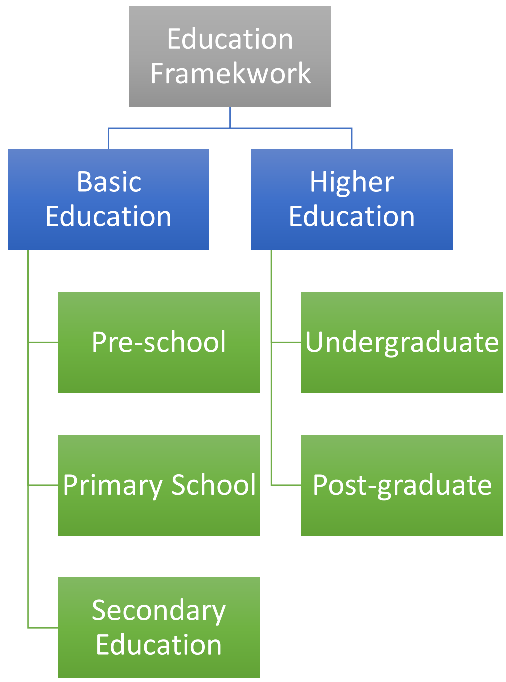
Qatar has one of the Gulf region's fastest growing education sectors with the construction of 8 to 12 new schools with a capacity of 1,500 to 2,000 students per school expected to be required each year by 2022. Growth of this nature has in large part been encouraged and sustained through rising levels of government funding which has allowed for the construction of new education facilities and the support of a wide range of innovative development and reform programmes delivered by Ministry of Education and Higher Education (Informedchat, 2017). In 2018, the Qatari government allocated QAR 19 Billion (US$ 5.2 Billion), equivalent to 9.4% of its total expenditure, for the education sector (Capital, 2018). According to The World Bank, this is one of the highest allocations in the MENA region. Qatar's public expenditures on education was partially allocated for the expansion of Qatar Foundation and Qatar University facilities (Lahreche, 2018).

Qatar's private school market has the potential to be $2.4bn by 2023 against $1.4bn in 2016 owing to a rising school-aged population, enrolment & tuition fees as well as a shift towards private schools. Previously, expatriates were not allowed to attend public schools, but the government had to relax that policy because of the shortage in private schools. The number of students enrolled in private schools is expected to grow as demand for private schools still exceeds the supply (Perumal, 2018).

Many initiatives have also been introduced to improve the educational attainment of Qatari nationals. These include the inauguration of Education City, which has attracted world-class higher education institutions to establish branch campuses in Doha, as well as the implementation of a comprehensive reform of Qatar University. As a result, there has been an increase in the educational performance of Qatari citizens, especially women. Qatar National Vision 2030 seeks to transform a rapidly growing hydrocarbon-based economy into a sustainable economy that sees most of its growth through knowledge-intensive sectors. Qatar has thus moved to diversify its industry, strengthen the private sector and engage more Qatari citizens in the labour force. The Qatari government also provides generous scholarship support for study abroad programs, and the number of students participating in them has significantly increased (Abdelkader, 2017).

1.1. Qatar Education System Framework

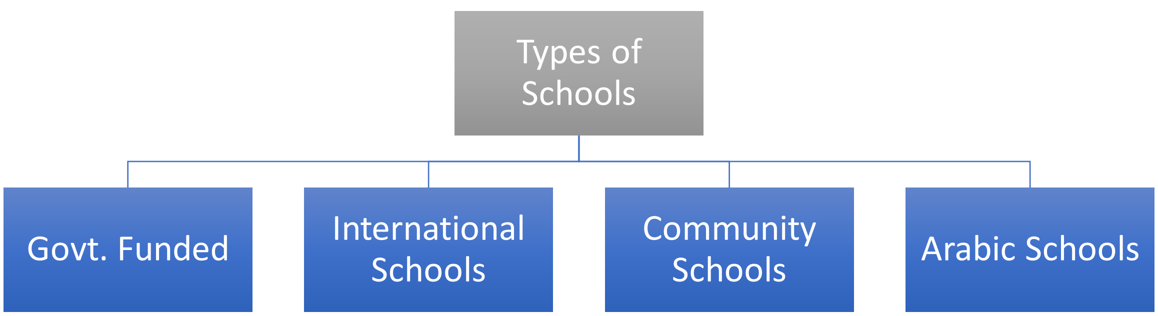
The education system in Qatar is categorized under two separate pillars – basic education and higher education. While basic education encompasses pre-school, primary and secondary education, higher education consists of courses offered at the undergraduate and post-graduate levels. The public school system consists of 12 years. Elementary education is compulsory in Qatar with free education for nationals at primary and secondary public schools (Capital, 2018).



Higher education is rapidly growing in Qatar with overseas campuses of foreign universities swelling the numbers of institutions based in Qatar. The Qatar Foundation has been instrumental in this growth, with many of these universities situated at its Education City location in Doha. The Qatar Foundation is the main source of student loans and scholarship funding, although some students now choose to take out a private education loan. The compulsory elementary and preparatory school years for children aged 6 to 15 are government-funded for Qataris through the independent school system. While some independent schools do admit foreign nationals, places are limited, and the vast majority of expats choose to send their children to private schools. The private school system in Qatar is still regulated by the Supreme Education Council (SEC), but schools are free to set their own curriculum and award international qualifications. Fees vary, but some employers offer an education allowance to help staff fund their children's education. Qatar values early education very highly. As a result, the SEC is considering plans to make educational pre-school compulsory for children aged 3 to 6 to promote a culture of learning through play. Nurseries and kindergartens are usually private & fee-paying, but they remain popular with parents in Qatar (Jobs.ac.uk, 2019).

1.2. Types of Schools

The academic year in Qatar generally runs from September to June so that the long summer holiday falls in the hottest months of the year. International schools may operate different term structures, depending on their curriculum and teaching style (Jobs.ac.uk, 2019). 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 operating in the country, the number of international schools have increased in the past few years. Qatar is home to two state-run post-secondary education institutions, i.e. Qatar University & Qatar Community College, as well as eight international Qatar Foundation-partnered institutions, two Qatari universities and several colleges and schools that makeup Education City (Capital, 2018).



1.3. Regulatory Framework

The Ministry of Education (MoE) and the Supreme Education Council (SEC) manages the education system in Qatar. The SEC manages and supervises the education system of Qatar at all levels from pre-school through higher education, regulates the education policy and plays a vital role in the development and execution of educational reforms in Qatar. All school fees are regulated by the SEC and all private schools planning to raise their fees, including transportation fees, must obtain written approval from the SEC. (Capital, 2018).

2. Industry Challenges

The education sector is facing multiple challenges including intensifying competition, an oversupply of schools, high operational costs & shortage of teachers, which collectively is contributing to the increasing pressure on the education sector. To remain competitive, private & international operators are adopting innovative marketing strategies to encourage student enrolments. (Capital, 2018). Some of the major challenges faced by the education sector are as follows:

- Shortage of teachers & educational staff
- Student preference to go abroad
- Education fit for future
- Excess supply of schools

2.1. Shortage of teachers and education staff

The shortage of teachers is a major challenge faced by the education sector, and this challenge will only become severe in years to come. High costs of living in Qatar and rising demand for teachers in their home countries continues to be a deterrent for the retention of experienced personnel. The demand for international and private schools growing globally, schools are challenged to recruit teachers from an ever-decreasing pool of qualified and experienced talent (Capital, 2018).

2.2. Student preference to go abroad

The preference for students in the GCC to pursue higher education abroad due to limited access to reputable international institutions, coupled with the preference to gain global competencies that improve the chances of accessing employment opportunities in markets internationally, continues to pose a challenge for educational institutions of the country (Capital, 2018).

2.3. Education fit for future

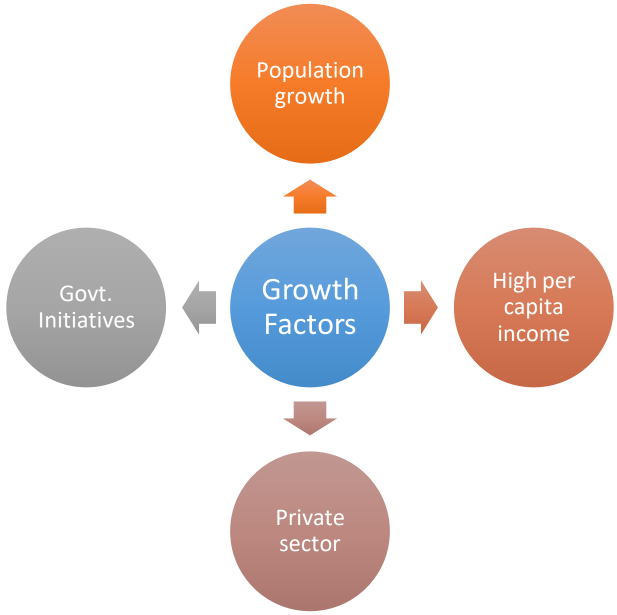
The principal challenge before the education sector is to provide education that is aligned with the requirements of today and the future. The Qatari government is gravitating towards a digital future; therefore, it is important to impart skills that enable young people to be competent and trained for professional jobs in diverse sectors from advanced manufacturing to artificial intelligence. In schools of the 21st century, engaging with ideas and engaging with different points of view serves children better than memorizing facts and working in isolation. Students must collaborate, and this requires focusing on group activities, projects based learning and less lecturing in classrooms. In an increasingly digital world, children need to be taught multiple ways of thinking, unique ways of doing and the soft skills required for effective collaboration. Therefore, education in this region needs to keep abreast of essential updates to modern methods of working if it is to remain competitive on a global level. The private sector, with its financial strength, heritage, excellence and quality, can help address this challenge (Capital, 2018).

2.4. Excess supply of schools

Filling up excess capacity is one of the major challenges facing the industry. In this competitive landscape, only the fittest will survive, and many schools will either need to lift the quality of their services or risk failure and shutting down. The influx of international institutions and oversupply of local education providers has led to increasing competition among private operators, leading to pricing pressures and margin erosion (Capital, 2018).

3. Industry Growth Factors

Growth in the education sector is dependent upon rising population, high per capita income, government initiatives & preference for private education. Rising per capita income increases the ability of the population to spend on quality education. Moreover, increasing preference for private education is driving private school enrollments & providing attractive opportunities for private school operators.



3.1. Population growth

The influx of an expat population will continue to drive growth in Qatar population on account of attractive employment opportunities, tax-free environment, conducive living standards along with improving life expectancy and birth rates. Moreover, expatriate community growing preference for private schools is also expected to fuel growth of international schools and universities across the country (Capital, 2018).

3.2. High per capita income

The average per capita income in the GCC region was US$ 25,266 in 2016 as compared to the global average of US$ 10,376. Qatar, with a per capita income of US$ 58,247 was ranked as the wealthiest nation in the world in 2016, with UAE (US$ 35,384) and Kuwait (US$ 25,869) also featuring among the top ten. National citizens enjoy several benefits such as free public education and healthcare and a low tax environment, contributing to a high personal income. Therefore, high disposable income has increased the propensity to spend on quality education, consequently increasing the opportunity for education providers (Capital, 2018).

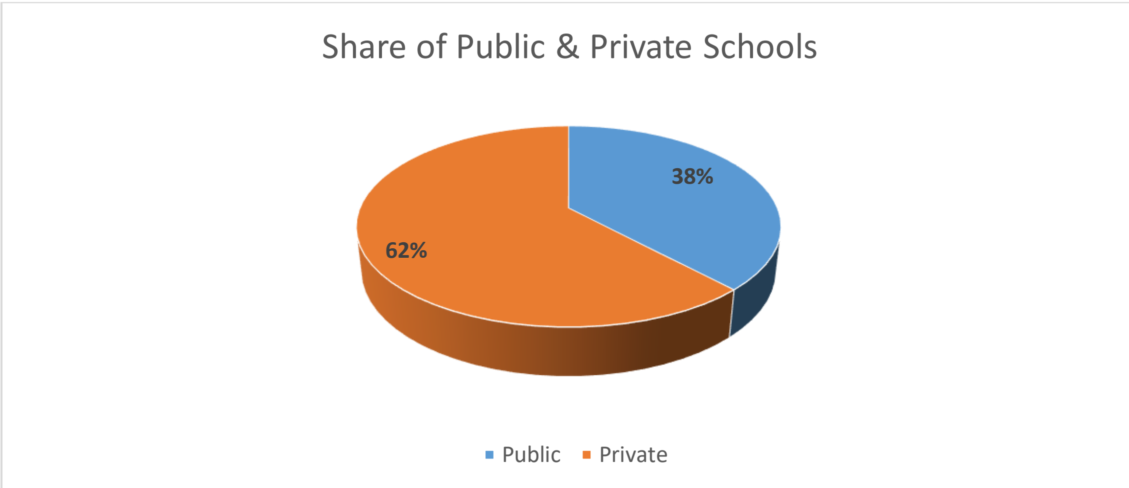
3.3. Government initiatives

In Qatar, investments in private schools are expected to triple by 2020 with the government focusing on facilitating business development and partnership opportunities within the regional private education operators. Additionally, the government is encouraging investment by exempting the sector from customs, providing free water and electricity, land plots, buildings, textbooks and school vouchers for Qatari students. During 2017, the Qatar government, in collaboration with the Qatar Chamber, offered 11 land plots for private education providers. While land for the construction of 6 private schools was allotted in July 2018, 5 were later announced in August 2018, targeting the creation of an additional 7,000 seats. The new schools are part of the government's plan to have 50,000 seats by 2022 (Capital, 2018).

3.4. Increased participation of the private sector

The private sector is critical in driving the education agenda as it can play a significant role in bringing quality education that prepares students for the future. Moreover, the private sector has the inherent ability to respond rapidly to the changing environment. And fewer environments are changing as rapidly as education today, driven by advances in technology and the need to prepare a whole generation for jobs that, in many cases, don't even exist today. In addition to an increased role by the private sector, the Public Private Partnership (PPP) model can be further explored including scenarios in which the private sector adopts government schools while being publicly funded on per child basis. This may provide a solution for problems of schools that currently incur massive expenditures per person. Parents are increasingly aware of the open, interconnected and global world their children will have to operate in. This growing awareness makes them increasingly inclined to invest in private education and give their children the best possible chance to succeed in tomorrow's world. As parents invest more in private education, they are also demanding a higher quality product both in terms of infrastructure and quality of education (Capital, 2018). Exhibit 2 shows the share of public and private schools students in Qatar.

Exhibit 2: Share of Public & Private School Students



4. Industry Outlook

The education sector is continuing to grow on account of rising population, high per capita income & a growing preference for private education. The prolonged correction in oil prices posed challenges for government, prompting several initiatives to focus on fiscal consolidation through subsidy cuts and curtailing public spending. The education sector has remained a top priority for the government as witnessed by their sizeable budgetary allocations towards this sector. Government's long-term strategic initiatives & spending has played a pivotal role in strengthening the sector (Capital, 2018).

The Ministry of Education and Higher Education has allocated three government-owned land plots for the construction and operation of private schools. The objective is to give a greater role to the private sector in the economic developmental projects. The allocation of the land comes in line with the efforts of Ministry of Education and Higher Education to provide diverse, innovative and high-quality educational opportunities for students by enhancing the role of the private sector in the educational process with a view to achieving the goals of Qatar National Vision 2030, especially the human development pillar. Three private schools to be constructed by the private sector were awarded the land plots. The first is Cardiff School, an Indian curriculum-based school, and will be located in the Al Khor area. It will offer schooling for boys and girls at all levels. The school is expected to provide 1,134 seats. The second school will be built by the developer Millennium Holding Company in Umm Al Qarn and will teach the American curriculum for boys and girls of all stages. The school is expected to provide 1,185 seats. The third one, by the developer Hassanesco, will be based in Al Khor area and follows the American curriculum, for boys and girls of all stages, and is expected to host 1,053 seats (The Peninsula Qatar, 2019).

The total number of students in Qatar is expected to reach 391,931 by 2022, registering a CAGR of 3.9% since 2017. Overall, each segment is expected to grow moderately. However, the tertiary segment is likely to see the fastest growth with a CAGR of 5.1% during the forecasted period (2018-2022), driven by the establishment of new universities. The total number of students enrolled in private schools is expected to reach 231,859 by 2022, registering a CAGR of 4.9%, while public school enrolments are expected to grow at a CAGR of 1.7% to reach 122,248 by 2022. Government is focused on promoting private education across the country and has approved 63 new private schools for the 2017-2018 academic year, including 23 schools with a British curriculum, 13 American, 12 Indian and 8 schools following the Qatari national curriculum. The demand for public and private schools in Qatar is likely to increase from an estimated 992 schools in 2017 to 1,205 by 2022. The number of private schools is anticipated to grow at a much faster rate as compared to public (Capital, 2018).

Despite the many educational options, the sector is striving to keep up with increasing market demand. The arrival of foreign professionals with their families, in an effort to meet the deadlines of projects set by the National Vision 2030 and the World Cup 2022, add significant pressure to the education system. The population of Qatar has more than doubled since 2004 and more institutions are needed to cope with growing demand. The Government is conscious of the situation, and the Supreme Education Council is making a concerted effort to promote the establishment of top international institutions (Lahreche, 2018).

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