

# ELEMENTARY AND HIGH SCHOOL EDUCATION

## INVESTMENT OPPORTUNITY SCORECARD

### EDUCATION

MAY 2021



# EDUCATION

Public / متاح

High Potential

Moderate Potential

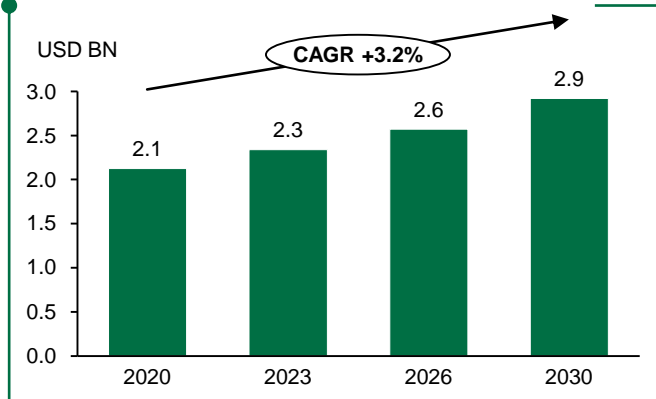
Low Potential

# ELEMENTARY SCHOOL AND HIGH SCHOOL EDUCATION

**OPPORTUNITY'S DESCRIPTION:** Opportunity to invest in KSA education sector by establishing private elementary and high schools across the Kingdom

## DEMAND

### MARKET SIZE, USD BN



### INVESTMENT HIGHLIGHTS

- Expected investment size of USD 18 Mn
- Expected IRR: 15 – 17%
- Opportunity to consider different operating models – FDI with 100% ownership or joint venture with local private sector player(s)

## INVESTMENT OVERVIEW

### VALUE PROPOSITION

- Opportunity to capitalize upon the government's focus on developing human capital and social infrastructure under Vision 2030
- Leveraging recent FDI measures to motivate private sector participation in KSA education sector by creating investment friendly regulations and easing restrictions
- Ability to use Ministry of Education's infrastructure and utilize public assets

### KEY DEMAND DRIVERS

- Ministry of Education has target of filling additional ~300,000 seats by 2030 under Vision 2030 education initiatives
- High GDP per capita in KSA (USD 48,908 in 2019 according to the World Bank) and emphasis on social infrastructure development, such as schools, remain one of the key drivers for the investment opportunity
- Growth in the market is further fueled by an increase in population and willingness of consumers (parents) to spend on quality education

## MARKET OVERVIEW

### MARKET READINESS AND COMPETITOR ANALYSIS

- Government participation in elementary and high school education – 88%, private sector participation – 12%
- Limited presence of foreign private sector players in the domain – most international schools sponsored by their respective embassies

### GLOBAL TRENDS

- Smart campus becoming increasingly popular, globally, with emergence of virtual classrooms, deployment of latest technology and adoption of integrated learning solutions to enable inclusive development of students
- Major focus on professional development programs for teachers to familiarize them with present generation competencies and skills as well as enhance their lateral thinking abilities

### COMPETITOR ANALYSIS<sup>1</sup>



<sup>1</sup>Non-exhaustive list



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## SUPPLY

## SCALABILITY AND LOCALIZATION

- The Ministry of Education targets to increase private sector participation by 25% in private and international school categories between 2020-30
- Foreign entities can setup flagship units in major cities – Riyadh, Jeddah and Dammam/Khobar and scale up business by launching branches in tier 2 and 3 cities/towns within the Kingdom in a gradual manner
- Low cost of construction, labour wages and utility fees to support low capital and operating expense for the investor and enable extending geographic footprint within the Kingdom

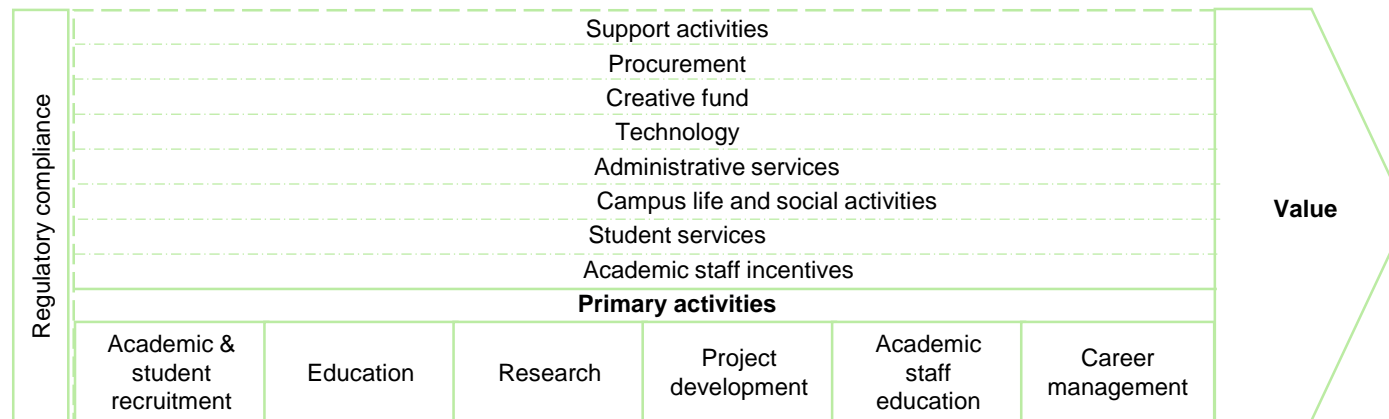
Grade:  Low  Medium  High

## ENABLING FACTORS

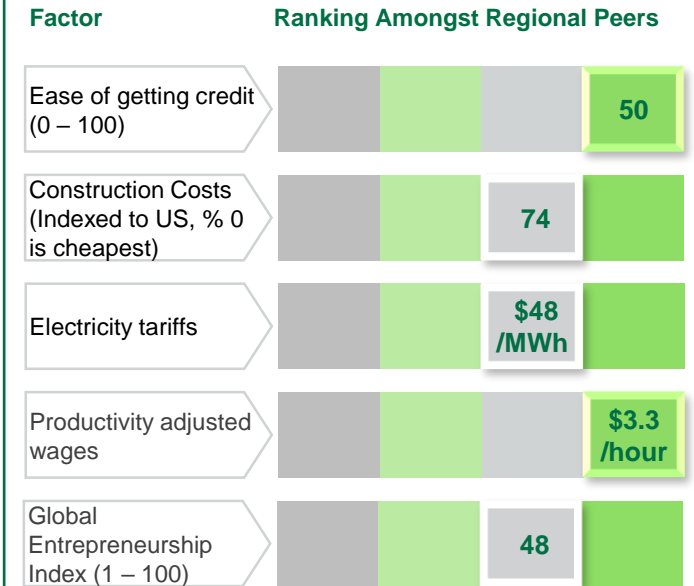
## ENABLERS

- 100% foreign direct ownership allowed
- Tax (VAT) exemption in tuition fees for KSA nationals
- HRDF covers monthly salaries for 30-50% of Saudi employees (extra 10% for females) for 2 years, provided it does not exceed USD 4,000
- Facilitate the issuance of the operational and academic staff visa

## VALUE CHAIN ANALYSIS



## COST OF DOING BUSINESS IN KSA



## KEY STAKEHOLDERS



# DEFINITIONS

#	SCORECARD SECTION	DEFINITION
1	Market size	Size of market in value/volume in KSA and/or Region (MENA/GCC) covering future projections based on available estimates from published /government sources
2	Demand drivers	A select number of factors that will influence future demand for the related product/service
3	Investment highlights	An overview of key financial metrics summarizing the investment opportunity along with the expected return based on the suggested investment size
4	Value proposition	Summary of key differentiators that position KSA as a strategic choice over other regional/global peers
5	Market readiness	An overview of KSA market structure, market maturity and level of participation by local and global players
6	Competitor analysis	List of the local & international players manufacturing the underlying product in Saudi Arabia and their market share
7	Global trends	Latest business developments within the sector/product category
8	Scalability and localization	Ease of scaling the business across the value chain or into new adjacent products or geographies that would maximize the opportunity's investment returns and the ability and potential to locally manufacture the product and its components
9	Import dependency	An overview of the countries from which Saudi Arabia is importing the product and their value/volume and share in total imports
10	Value chain analysis	The process or activities that would potentially need to be carried out to deliver the underlying product or service
11	Key stakeholders	Government institutions, organizations, and/or authorities that participate or influence the market for the underlying product/service
12	Enablers	Factors that enable investment in the underlying opportunity
13	Cost of doing business in KSA	Key factors that position KSA as a competitive destination for investment in the region. Productivity adjusted wages do not include cost of \$1.23/hour towards annual recurring charges including work permit, resident identity (iqama) and health insurance

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